

Visa and MasterCard Approved Statements

New Zealand Retailers Association gains confirmation from Visa

The New Zealand Retailers Association is delighted to advise that Visa New Zealand has confirmed their position on a number of initiatives related to the future of the payments market. This is a really important step forward for the retail sector as it gives us some certainty around these areas.

- 1) Where a Visa Debit card is used in the face to face situation in the same way as a standard Eftpos card the transaction will continue to be routed through the “cheque/savings button” on the terminal and as a result it **will not** carry any interchange or merchant service fee. There is no intention to change this position in the foreseeable future.
- 2) Where Visa Debit is used for an online transaction the published interchange **will apply** (see either Visa or your bank’s website).
- 3) When Visa introduces its contactless payment technology (Visa payWave) this **will** carry an interchange fee. However, it will be up to each individual retailer to decide if they want to upgrade their point of sale terminals to accept contactless payments. Visa has no current plans to mandate Visa payWave acceptance in New Zealand. Visa payWave functionality is being introduced on both Visa credit and debit cards in New Zealand. These cards will still function as traditional Visa cards as well as being able to make contactless transactions for purchases under NZ\$80 at participating retailers. Transactions over \$80 can still be made by payWave but will also require a PIN.
- 4) GE has launched a new Visa Credit card called Gem Visa. This is a standard Visa credit card except on all transactions over \$250 the consumer is entitled to 6 months interest free terms. As a standard credit card the normal interchange fee and, therefore, the normal merchant service fee **will apply**. GE is the card issuer and the acquirer will be the retailer’s normal acquiring bank.

New Zealand Retailers Association gains confirmation from MasterCard

The New Zealand Retailers Association is delighted to advise the membership of the Association that MasterCard has confirmed a number of things regarding their transactional products and we are able to share these with you. This is a significant step forward as it enables us to consider the future shape of the payments market with a degree of certainty. The key points are:

- 1) MasterCard will be launching their debit card very shortly (before Christmas). This will operate on the following basis.....
 - a) Face to face transactions where the card is used in the same way as a domestic Eftpos card the transaction will go through the cheque / savings button on the terminal and **will not** carry any

- interchange fee. This means those transactions will be free of Merchant Service Fees (MSF).
- b) If the MasterCard Debit card is used for an online transaction or any card not present situation there **will be** an interchange fee and therefore the merchant will be faced with an MSF. The level of interchange can be found on MasterCard's site or that of your acquiring bank.
 - c) If the MasterCard Debit (or Credit) card is used with contactless functionality interchange **will apply** (see (b) above for details).
 - d) Reloadable and non-reloadable Prepaid MasterCard cards (some of which bear a "Debit" hologram) will be processed through the Credit button and will incur an interchange fee and accordingly an MSF is likely to be charged by the acquirer. These cards cannot be processed through the EFTPOS system as they are not linked to deposit accounts and often are processed on third party platforms. For a list of the applicable interchange fees please visit <http://www.mastercard.com/nz/merchant/en/interchangefees/index.html>
- 2) Contactless functionality is currently being introduced with real focus on the stadia at Auckland and Wellington for Rugby World Cup. MasterCard view "contactless" as a processing function which will help future-proof their products. They have previously indicated in the media and directly with some merchants that they would mandate a number of store types to adopt this technology. However we understand there is room for flexibility and negotiation on this.
- 3) MasterCard currently operate their "honour all cards" rule a little differently. Retailers accepting all MasterCard credit products must accept all their credit products. However, you don't have to accept both debit and credit. That is you are able to accept one product type without the other. It is intended that this situation will continue for the foreseeable future and we would expect that this rule will continue beyond any previous agreements that place a time limit on this situation. (note: prepaid cards are considered to be a "debit" product for the purposes of this rule). The "honour all cards" rule has no significance for the decision to accept contactless functionality or not.
- 4) The future offers quite a degree of retailer choice – retailers will be able to decide what it is that their customers want and they will be able to respond accordingly.

We hope these summaries give some additional clarity around the position of Visa and MasterCard in the payments space and we trust it will be of assistance to you in your future planning.