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EU deal struck to curb card transaction fees

Bank card transaction fees will be significantly slashed following a deal struck yesterday by the European Parliament and EU governments to cap¹ “multilateral interchange fees” (MIFs).

MIFs are the transaction fees a retailer must pay their bank each time a consumer makes a purchase with a credit or debit card. As an additional cost for businesses, these fees are added to the price of goods and services – hitting even those consumers who pay with cash or do not possess a card.

Monique Goyens, Director General of The European Consumer Organisation commented:

“We welcome the decision to cap interchange fees. Across Europe, banks were guaranteed steady income because of their clients’ card transactions. Consequently, banks preferred to issue consumers with the cards which carry the highest transaction fee. The bottom line is that interchange fees distort competition as they are a roadblock to innovative, emerging and cheaper payment means and steer most banks towards VISA or MasterCard for more exorbitant MIFs.

“High MIFs have been a serious hindrance to building a single market for payments. Last night’s agreement between the European Parliament and EU governments lifts this stumbling block.

“A cap on credit and debit card payments will make transactions significantly cheaper. We now expect retailers to stick to their promises to pass on cost savings to consumers by lowering product prices.”

ENDS

¹ Caps will be 0.2% and 0.3% for debit and credit cards respectively. Current levels can exceed 1.5% per transaction in some EU Member States. For domestic debit card transactions, member states can alternatively apply a flat fee cap of 5 cents.