# The European Payment Users Alliance

# We need urgent action on card fees, say Europe's payment users

3 July 2014

**The European Payment Users Alliance represents businesses and consumers across Europe. We have a simple message for Europe's politicians: we need the interchange fee regulation as a matter of urgency. There is no more reason for delay.**

The regulation on interchange fees[1] must be treated as an absolute priority by the Italian Presidency so that it may be adopted by the end of 2014 and come into effect as soon as possible. Europe needs to move into a new payments world - yet the lack of this legislation is holding us back.

Commerce is increasingly shifting from the high street to the digital space. A whole, as yet untapped, market is emerging, which will benefit merchants, consumers and payments providers. We need truly forward-looking payment legislation to allow this new market to flourish.

### The need for EU action

Multilateral interchange fees have been found at European Commission and court level to be anti-competitive; they have cost businesses and consumers, on average, €9 billion per year for over a decade and stand in the way of market development across Europe. EU Regulation is the only way to tackle the MIF and associated restrictive contractual rules in a coherent way and provide a true Single Euro Payments Area (SEPA).

### Potential benefits for all

The card schemes and banks would have us believe that lower card fees would cost consumers money. On the contrary, healthier competition is badly needed in the retail payments market to promote innovation, improve customer service and ensure flexibility. The business sectors in the Payment Users' Alliance are highly competitive, guaranteeing that cost savings will be passed on to their customers. The payments package[2] will provide benefits for all:

<u>For consumers</u>:

- A true choice of low-cost, safe, efficient electronic payments which operate across the EU. Lower MIFs will produce better services and lower prices for all consumers, whether they use payment cards or not.

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[1] COM(2013) 550

[2] The payments package consists of the MIF Regulation and the Payment Services Directive II COM(2013)547. We also include, as beneficial to competition, the Payments Account Directive COM(2013)266

- The ability to use cards at more outlets, as lower fees enable small merchants to take cards.
- Access to new products and services at transparent costs.
- Full access to new e-commerce services and new technologies.

For merchants:

- Merchants will pay their fair share of card costs and no more: they will be able to improve services and pass on savings to consumers.
- Easy access to an EU-wide market for products and services.

For payment providers:

- An expanded market and the emergence of new payment products will increase transaction numbers and so maintain revenues.
- Extra services can be marketed through increased online traffic for banks.
- Banks will move to embrace new technologies, innovative payment products and make the best use of new technologies.

**Retain the plenary text**

In April, the European Parliament adopted a text for the MIF Regulation which is well-balanced and will bring great benefits to merchants and consumers across Europe.

**We urge the Council and the new Parliament to retain the plenary text as follows:**

- Caps on debit and credit fees: the proposed 0.2% or 7 cents for debit and 0.3% for credit should be an absolute maximum, with the option for member states to set lower fees to suit local markets.
- Inclusion of commercial cards and 3-party schemes: all providers and products should be treated in the same way - a fair price for all equivalent services.
- Allow cross-border acquiring: rules which prevent a true single acquiring market should be abolished.
- Remove honour all cards rule: merchants must be allowed the choice to offer their customers the most efficient electronic payment product. Other, more expensive products should be optional for merchants and consumers.
- Reinforce anti-circumvention provision: the rule which prevents card schemes inventing new fees, or increasing other non-MIF fees, should be strong enough to encompass any future avoidance of the Regulation.

**In addition, we urge:**

- Swift implementation: cross-border caps should come into place within two months of adoption of the Regulation (as initially proposed by the Commission); domestic caps should come into place within 6 months, with one year as absolute maximum.

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