



MEPs push for card payment fee caps and online payment safeguards

Committees Committee on Economic and Monetary Affairs
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The fees that banks charge retailers for processing shoppers' payments would be capped under new rules voted by Parliament on Thursday. Measures to make online payments safer, reduce costs and give users more choice were adopted by a separate vote on the same day.

Banks' card payment fees cost EU retailers over €10 billion each year, according to European Commission figures. These fees are not clear to card users. They also differ between EU member states, because they are fixed not by law but by national competition authorities. Retailers are charged for every card transaction and add the costs to the prices of goods or services they sell.

Fees: clear and capped

The service or "interchange" fees that banks charge for processing transactions under schemes such as Visa and MasterCard, would be capped at 0.3% of the transaction value for credit card transactions and 7 euro cents, or 0.2% of the transaction value (whichever is lower), for debit card ones.

These caps would apply to both cross-border and domestic transactions in the EU and would take effect one year after the rules enter into force. In time, lower fees should translate into lower prices for card users.

Online payment safeguards

Online payment security rules, also voted on Thursday, would be updated to keep pace with technical progress, market developments and the constantly growing number of payments made online. Online payment service users would also get a uniform set of information for example all charges, execution times, contact information and where applicable exchange rates, would have to be clearly stated.

Unauthorized payments would have to be refunded within 24 hours of their being noticed and clients could be obliged to bear losses resulting from the illegal use of a lost or stolen payment card or device up to a maximum of €50.

Lower costs and wider choice of payment services

A payer using an online account would have the right to use payment software or devices provided by an authorised third party of his choice and have his payments executed on his behalf by this provider without extra charges to be added by the payee.

Payment service providers would be required to disclose the actual cost of processing payments on request. Moreover, caps for payment service charges should be laid down in forthcoming EU rules on card payments and should apply regardless of the specific payment device or means of execution.

Next steps

The European Parliament voted on its amendments to the draft rules in order to consolidate the work done so far and hand it over to the next Parliament. This ensures that the MEPs newly elected in May can decide not to start from scratch, but instead build on work done during the current term.

Press release

Procedure: Co-decision (Ordinary Legislative Procedure), first reading, partial vote on amendments only

#interchange fees #paymentservices

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