



MEPs back cap on card payment fees

Committees Committee on Economic and Monetary Affairs [20-02-2014 - 12:39]

The fees that banks charge retailers for processing shoppers' payments should be capped, Economic and Monetary Affairs Committee MEPs decided in a vote on Thursday. The cap would apply to both cross-border and domestic payments.

Banks' card payment fees cost EU retailers over €10 billion each year, according to the European Commission figures. These fees are not transparent and they differ between EU member states, where they are subject not to legislation but to decisions by national competition authorities.

These service or "interchange" fees are charged by banks belonging to card schemes such as Visa and MasterCard, which together control the lion's share of the market. Retailers are charged for every card transaction and add the costs to the prices of goods or services they offer.

Fees: capped and transparent

For credit card transactions, MEPs backed the European Commission's proposal to cap the bank's fee at 0.3% of the transaction value.

For debit card transactions, the committee amended the proposed cap to 7 euro cents, or 0.2% of the transaction value, whichever is the lower.

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.

Whose freedom to choose?

Today retailers are often obliged to accept all cards in any given card scheme, even though it might be more profitable for them to accept only those with lower fees.

Under the new rules, retailers would be free to choose which cards to accept, unless they are subject to the same interchange fee which, moreover, must comply with the cap set by these rules.

Whilst this would restrict the shopper's freedom to choose which payment card to use, lower fees should translate into in lower prices.

Next steps

This committee vote consolidates Parliament's position. The rules will be put to vote by a full house at one of the upcoming parliamentary sessions.

#creditcardfees

Contact

Dorota KOLINSKA

BXL: (+32) 2 28 32787

STR: (+33) 3 881 74005

PORT: (+32) 498 98 32 80

EMAIL: econ-press@europarl.europa.eu

TWITTER: EP_Economics