

# The European Payment Users Alliance



## Europe's Payment Users Call for a Fair, Competitive and Transparent Payment System

### Joint statement on the Payments Package

Date: 19 November 2013

**The European Payment Users Alliance is a group of European payment users who have come together to call for more transparency and competition in the payments market. We welcome the package of proposed payments legislation announced on 24 July 2013<sup>1</sup> but we wish to draw attention to the needs of end-users and highlight where the current proposals do not go far enough. Given its potential to bring significant benefit to consumers, this legislation must be treated as an absolute priority. We urge decision-makers to amend the proposals as set out below.**

In Europe, millions of businesses accept millions of payment transactions each day. For these companies, large and small, payments are an essential part of their business, and the fees charged (multilateral interchange fees – MIFs) can contribute significantly to their operating costs. On their behalf, we call for the full potential of the Single European Payments Area (SEPA) to provide low-cost payments across Europe to be realised. A reduction in the cost of payments will allow European payment users to adopt innovative payment solutions and realise cost savings that will benefit consumers. We request the following changes to the proposed Regulation on Interchange Fees:

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<sup>1</sup> Proposal for a Revised Payment Services Directive (COM(2013) 547) and proposal for a Regulation on Interchange Fees (COM.(2013) 550)

1. Debit: Provide an interchange-free electronic debit service (card/application) for all citizens by mandating the removal of the interchange fee on consumer debit cards. As an alternative, any fee should be set as a maximum fixed cap in line with current best practice at national level (with provision for a proportionate fee for micro-payments). Experience in a number of member states shows that this is an economically workable solution and the European Commission's Impact Assessment, published with the proposal, supports this.
2. Credit: Lower the proposed caps for electronic credit cards/applications. This cap should be lowered proportionately in line with lowered debit caps.
3. Commercial cards: Include commercial payment cards/applications within the scope of the proposed fee caps. The current proposal to exempt commercial cards from caps is unjustified economically and risks creating loopholes. Distinguishing commercial cards from consumer cards will also give rise to significant technical and practical problems. In e and m-commerce and telephone sales, the retailer does not have the necessary information; for point-of-sale payments, this would cause delay and confusion for the consumer. Most terminals also cannot identify the amount of any possible surcharge. Including commercial cards would (i) remove any problems with the honour-all-cards rules and (ii) make the fee difference between debit and credit more understandable for consumers.
4. Three-party schemes: Mandate a mechanism to include consumer and commercial cards issued by three-party schemes within the fee caps. As for commercial cards, the partial omission of three-party scheme fees from the caps is unbalanced and the inclusion of 3-party cards issued or acquired under licence is inconsistent. Such a system may create loopholes for new payment models in the future. We are therefore highly disappointed that such schemes are omitted from the proposal and a mechanism should be found to regulate the fee-levels of schemes which do not operate with interchange fees.
5. Implement the Regulation immediately. Cross-border caps should begin within 2 months of adoption of the Regulation and national caps within 6 months, with a year as absolute maximum. The proposed two year deadline for national implementation is not technically necessary and would adversely affect mainly SMEs and consumers since the greatest burden of interchange fees is felt at national level.

For further information please contact:

EACT: Anni Mykkänen, [anni.mykkanen@avisa.eu](mailto:anni.mykkanen@avisa.eu) Tel: +32 2 737 9799

EMRA: Roland Higgins, [r.higgins@telenet.be](mailto:r.higgins@telenet.be) Tel: +32 475 98 91 98

EuroCommerce: Marjolein Raes, [raes@eurocommerce.be](mailto:raes@eurocommerce.be) Tel: +32 2 737 0599

EUROPIA: Daniel Leuckx, [daniel.leuckx@europia.com](mailto:daniel.leuckx@europia.com) Tel: +32 2 566 9117

ERRT: Dennis Kredler, [dkredler@errt.org](mailto:dkredler@errt.org) Tel: +32 2 286 5123

HOTREC: Alexis Waravka, [Alexis.Waravka@hotrec.eu](mailto:Alexis.Waravka@hotrec.eu) Tel: +32 2 513 63 23

UEAPME: Gerhard Huemer, [g.huemer@ueapme.com](mailto:g.huemer@ueapme.com) Tel: +32 2 230 7599