



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Antitrust: Commission makes Visa Europe's commitments to cut inter-bank fees and to facilitate cross-border competition legally binding**

The European Commission has rendered legally binding the commitments offered by Visa Europe to significantly cut its multilateral interchange fees (MIFs) for credit card payments to a level of 0.3% of the value of the transaction (a reduction of about 40 to 60%) and to reform its rules in order to facilitate cross-border competition (see also [MEMO/14/138](#)).

Vice President Almunia said: *"The cap on inter-bank fees for Visa Europe's credit cards and the commitments ensuring cross-border competition are excellent news for European consumers, since the fees paid by retailers end up on their bills. Today's decision adds to what has already been achieved through the Commission's antitrust investigations concerning inter-bank fees."*

Payments by card play a key role in the Single Market, both for domestic purchases and for purchases across borders or over the internet. European consumers and businesses are making more than 40% of their non-cash payments per year through payment cards. Any competition distortions in this field may therefore hamper the good functioning of the Single Market and harm European consumers through higher prices.

In particular, inter-bank fees are paid by retailers' banks (acquirers) to cardholders' banks (issuers). The fees are fixed jointly by the banks retailers and consumers have no means of influencing them through competition. The reduction of these fees leads to lower costs for merchants when they receive payments by card. Since retailers normally pass on these charges to their customers through the higher prices for the goods and services they sell, consumers ultimately pay the fees that banks charge retailers. This means that a reduction of these fees is likely to benefit not only merchants, but also consumers.

### **The Commission's concerns:**

In July 2012 the Commission sent Visa a supplementary statement of objections informing them that the inter-bank fees set by Visa and related practices may violate EU antitrust rules (Article 101 of the Treaty on the Functioning of the European Union – TFEU) (see [IP/12/871](#)). These inter-bank fees are paid by merchants' banks (acquirers) to cardholders' banks (issuers) for transactions with Visa's consumer credit cards. The concerns related in particular to:

- (i) Rules on '**cross-border acquiring**' in the Visa system that limit the possibility for a merchant to benefit from better conditions offered by banks established elsewhere in the internal market. These rules today oblige banks to apply the inter-bank fees of the country where the merchant is located even if the fees in their home country are lower. As a result cross-border competition remains limited, the internal market is artificially segmented, and merchant service fees for accepting cards vary widely across the EEA.

- (ii) All **inter-bank fees set by Visa** for transactions with **consumer credit cards** in the EEA. Currently Visa Inc sets the fees for international transactions (where the issuer is outside the Visa Europe territory) and Visa Europe sets the fees for cross-border transactions within its territory, as well as fees for domestic transactions in ten EU/EEA Member States (currently in Belgium, Hungary, Iceland, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands and Sweden).

## Visa Europe's commitments

In these commitments, which complement its commitments of 2010 on debit transactions, which were made legally binding by the Commission in December 2010 (see [IP/10/1684](#)), Visa Europe undertakes:

- (i) As regards '**cross-border acquiring**': to allow acquirers from 1 January 2015 to apply a reduced cross-border inter-bank fee (0.3% for credit and 0.2% for debit transactions) for cross-border clients. This is expected to introduce competition in domestic inter-bank fees and lead to considerably lower rates for merchants in the EEA, also benefiting final consumers. Visa Europe also agreed to apply the same fees (0.3% for credit and 0.2% for debit transactions) to transactions carried out with merchants located within the EEA with Visa consumer and debit cards issued in non-EEA countries belonging to the Visa Europe territory<sup>1</sup>.
- (ii) As regards **inter-bank fees**: Visa Europe agrees to cap its credit card MIFs at 0.3% for all consumer credit card transactions in the EEA where Visa Europe sets the rate. This concerns cross-border fees (where a card issued in one EEA country is used in another one) and domestic fees in currently ten Member States, and represents a reduction of about 40-60%. The level of 0.3% for credit card transactions was also offered by MasterCard in its Undertakings in 2009 (see [IP/09/515](#)).
- (iii) As regards **transparency**: to simplify its inter-bank fee structure and make the invoicing of card acceptance services more transparent to merchants.

The Commission continues the proceedings against Visa Inc. in relation to international inter-bank fees. These are the fees that apply when a card holder from outside the Visa Europe territory (eg the US) uses his Visa credit card to make a purchase at a merchant in the EEA. These fees are set by Visa Inc. and not by Visa Europe.

## Background

Visa's credit and debit cards represent approximately 41% of all payment cards issued in the EEA. Visa has the largest acceptance network within the EEA with over 5 million merchants accepting its payment cards. In 2010 a total of 35 billion card payments were made in the EEA, with a total value of €1800 billion.

Following the opening of proceedings in March 2008, the Commission sent Visa in April 2009 a Statement of Objections concerning multilateral interchange fees ("MIFs") for consumer debit and credit card transactions (see [MEMO/09/151](#)). Visa Europe offered commitments to cap its debit card MIFs at 0.20%, which the Commission made binding in December 2010 (see [IP/10/1684](#)). The proceedings regarding consumer credit MIFs continued. It is in the framework of these proceedings that Visa Europe offers the present commitments.

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<sup>1</sup> The Visa Europe territory includes the EEA, Andorra, Faroe Islands, Greenland, Israel, Monaco, San Marino, Svalbard and Jan Mayen Islands, Switzerland, Turkey and Vatican City.

In 2007, the Commission prohibited MasterCard's cross-border inter-bank fees within the EEA (see [IP/07/1959](#) and [MEMO/07/590](#)). In April 2009 MasterCard offered Undertakings to comply with the Commission decision until the judgment on its appeal whereby it reduced its inter-bank fees for cross-border transactions to 0.2% for debit transactions and 0.3% for credit transactions (see [IP/09/515](#)). In May 2012, the General Court rejected MasterCard's appeal against that decision (see [MEMO/12/377](#) and case [T-111/08](#)). MasterCard has appealed the judgment. In 2013, the Commission opened new proceedings against MasterCard to investigate its inter-regional inter-bank fees and cross-border acquiring (see [IP/13/314](#)).

In complement to enforcement of EU antitrust rules, the Commission has proposed legislation to cap inter-bank fees for consumer debit and cards in the EU (see [IP/13/730](#)).

Article 101 of the Treaty on the Functioning of the EU (TFEU) and Article 53 of the EEA Agreement prohibit cartels and restrictive business practices. Article 101(3) TFEU allows certain practices to be exempted from this prohibition on condition that they improve production or distribution or contribute to technical or economic progress, provided that a fair share of the benefits are passed on to consumers, and that the practices are proportionate and do not eliminate competition.

Article 9 of the EU's Antitrust Regulation (Regulation 1/2003) allows the Commission to conclude antitrust proceedings by making commitments offered by a company legally binding. Such a decision does not reach a conclusion on whether EU antitrust rules have been infringed but legally binds the company to respect the commitments. If the company breaches these commitments, the Commission can impose a fine of up to 10% of its annual worldwide turnover, without having to find an infringement of Articles 101 or 102 TFEU.

More information on this investigation is available on the Commission's [competition](#) website in the public [case register](#) under the case number [39398](#).

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