

Retailers and wholesalers call for urgent amendment of card fees regulation

EuroCommerce Director-General Christian Verschueren today pressed the European Commission to act on the growing problems facing retailers and wholesalers resulting from the limited scope of the Interchange Fee Regulation (IFR). He asked for firm proposals to amend the legislation as a follow-up to the Commission report into the application of the IFR, due to be published in the coming weeks:

“We have consistently supported the Commission in its action over the years on interchange fees for credit and debit cards, and in producing the Regulation adopted 5 years ago. This has worked well in reducing consumer interchange fees. But its limitations are beginning to show – other fees have substantially increased, as have fees for unregulated cards, which most merchants have no choice but to accept. With strong evidence of fees rising steeply, we are today asking for the Regulation to be amended to allow the Commission to address actions which directly undermine its objectives.”

In March, we published an economic study reflecting a substantial input from our members’ experience of dealing with card fees. Card schemes have been steadily increasing the unregulated fees imposed on retailers, thereby substantially reducing the intended benefits to merchants and consumers, of the IFR. For example, data provided by the global payments consultancy CMSPI, shows that in the 3 years since 2018, i.e. outside the IFR review period, average fees imposed by one card scheme increased by 150% and inter-regional fees by over 35%: increases across both card schemes are estimated to cost EEA merchants an additional €794 million every year, representing a 47.5% increase on total scheme fee costs since the beginning of 2018.

We have now provided the Commission with a legal opinion by a distinguished academic expert in this area, which analyses how the rise in non-regulated fees directly undermines the stated objectives of the regulation, and points to ways in which these abuses can be readily addressed by amending the IFR.

Ahead of the Commission’s report on the functioning of the IFR, expected next month, we are asking the Commission to amend the Regulation to include:

- Regulation of the total fees charged to payment card acquirers;
- Removal of all substantive exemptions in the Regulation so as to cover commercial cards, three-party card schemes, cash withdrawals at ATMs, inter-regional cards, and virtual card transactions;
- Independent acquiring of three-party card schemes;
- Mandatory minimum interchange fees for cash withdrawals and deposits at ATMs in order maintain consumer choice and cash alternatives and
- Strong and dissuasive penalties for non-compliance with the regulation.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.