

## Retailers and consumers need more competition in payments, and quickly

Speaking today on the launch of the Commission's communication on a Retail Payments Strategy for the EU, EuroCommerce Director-General Christian Verschueren said:

*"The COVID pandemic has accelerated the existing trend for transactions to go online. At the moment, this inevitably means more use of credit and debit cards. Retailers and other merchants already pay a lot for accepting cards, and even more if a transaction is online. We are seeing, despite very welcome action on some card fees under EU legislation, other unregulated fees rising as much as 150% over the last 18 months. This has cost merchants, already struggling due to COVID, nearly €1 billion extra, and this trend looks likely to continue. We therefore welcome the Commission commitment in today's communication to promote alternative payment systems. But these will take at least another 2-4 years to roll out, and merchants need urgent action now to address this growing problem."*

Creating a vibrant, competitive and robust European payments market is in everyone's interest, as well as keeping access open to all alternatives, including cash. We are therefore very pleased to see the Retail Payments Strategy, and recently welcomed the announced collaboration between European banks in the European Payments Initiative. We fully share the Commission's determination to get competition in retail payments moving through use of instant payment technology such as SCTInst and new applications for mobile payments, already important as people increasingly move to buying goods and services on their mobile phones.

We regret, however, while we wait for new alternative systems, the Commission's decision not to use the review of the Interchange Fee Regulation (IFR), to widen its scope to deal with the ongoing rise in unregulated fees, particularly card scheme fees. Recent evidence suggests that these (and other fee increases) may cancel out much of the benefit of the regulation. This situation further strengthens the position of the two US card schemes, whose market power has been a contributory factor in the failure of at least four earlier EU initiatives. This could happen again, and, as we saw in other markets with powerful incumbents, regulation may be the only way to allow new competitors to grow.

Verschueren added:

*"As Mrs Vestager said yesterday: 'Competition can help, but it cannot replace the essential role of regulation.... to protect consumers and defend competition'. That is why we, and other sectors such as hospitality and travel, who are facing major challenges to their survival, need regulation - and need it soon - to address the loopholes in the IFR and to give new competitors a chance. And let's not forget: it is consumers who ultimately foot the bill."*

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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.*