5 April 2011: Multilateral inter-bank fees for card payments

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The *Autorité de la concurrence* publishes today a commitments proposal submitted by the *Groupement des Cartes Bancaires* (CB Bank Cards Group) and updating at a lower level most of multilateral inter-bank fees

These commitments are the subject of a market test organized by the *Autorité* to gain stakeholders' views

> Version française

Following a referral by the *Fédération des entreprises du commerce et de la distribution - FCD*[1] and the *Conseil du commerce de France - CdCF*[2] (trade organizations representing the French retail trade industry), the *Autorité* is currently investigating the compliance of multilateral inter-bank fees related to the use of various means of payment (excepting cheques) with competition law. Cheques do no enter in the scope of the investigation, as they have already been subject of a decision by the *Autorité* in September 2010[3]. In a first step, the *Autorité* focused on inter-bank fees related to payment cards.

During the investigation, the *Groupement des Cartes Bancaires* applied for a settlement procedure. In the frame of this procedure, it submitted a commitments proposal, which consists in a decrease of most inter-bank fees.

The *Autorité* publishes today the proposed commitments of the *Groupement des Cartes Bancaires* to gain stakeholders' views and comments regarding these

proposals.

Competition concerns of the *Autorité*

In jointly determining the level of inter-bank fees, the *Groupement des Cartes Bancaires* may be regarded as assisting an anticompetitive agreement between its members (the main banks that are operating in the French retail banking market).

The joint determination of fees does not necessarily appear to be reprehensible in itself, however the level of fees has to be adequately justified by objective factors, e.g. security or interoperability, and supported by updated data. In this case, the *Groupement des Cartes Bancaires* did not provide enough data to justify such amounts. It has to be noted that these fees have been created when the inter-bank payment system was set up. Since then, they have not been updated, some of them for more than 20 years, despite the strong expansion of payment cards' use by customers and a revamping of the competitive landscape.

The proposed commitments: a decrease of most of inter-bank fees

To address the competition concerns issued by the *Autorité*'s investigation services, the *Groupement des Cartes Bancaires* proposed to review the amount of inter-bank fees. In most of the cases, the review would lead to a decrease of the amount of fees.

Notably, the interchange fee on payments, which is paid by the retailer's bank to the cardholder's bank, would decrease of around 25 per cent. This particular fee, applying to each card payment, represents around €1.5 billion each year.

Moreover, the fee related to withholding of payment cards[4] would be halved .

However, the *Groupement* proposes to keep the amount of cash withdrawal inter-bank fees unchanged. This specific fee, applying to each cash withdrawal, is paid by the cardholder's bank to the ATM's (cash dispenser) bank and represents around €500 million.

The proposed commitments would apply during a 5-year period.

> For more details on the proposed commitments, please refer to the market test

Next steps

The market test conducted by the *Autorité* will close on 5 May 2011. It gives the opportunity for all stakeholders, particularly consumer organizations, retailers and other card payment schemes, to provide their views and comments about the proposed commitments. During this consultation, the parties who filed a complaint will have the opportunity to present their comments. Once the consultation is closed, the Board of the *Autorité* will hold a session to hear the views of trade organizations and banks regarding the market landscape of payment cards. After having heard again the parties and analyzed stakeholders' comments, the Board will hold a second session – scheduled in June – during which it will assess if the proposed commitments fully address its competition concerns. If the Board deems it appropriate, it may require amending or expanding the commitments and, after enforcing these commitments, it can close the procedure until the end of the commitments period. In the case where the commitments, even amended, would not prove acceptable by the *Autorité*, it would resume the formal infringement procedure.

(1) The FCD is an organization of food and specialized retail outlets and their suppliers
(2) The CdCF is an organization of various retail outlets: large retailers, small retail outlets, specialized retail outlets, etc.
*(3) Refer to Decision **10-D-28** and the related **Press Release (20 September 2010)***
(4) Notably, the fee paid when a payment card is withheld by an ATM

> Web link to the market test

> Web link to the full text of commitments proposed by the Groupement des Cartes Bancaires

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