The Autorité de la concurrence has obtained a significant reduction in the main interbank fees charged by Mastercard and Visa respectively

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With these decisions, the Autorité de la concurrence has completed the extensive work that it has been performing for the past three years over all methods of payment[1].

In the context of two distinct proceedings before the Autorité de la concurrence, MasterCard and Visa have each undertaken to reduce their main interbank fees as of 1 November 2013.

Ultimately it will be the consumers who will benefit from this reduction in interbank fees, through the repercussions on retail prices of the savings in bank fees that merchants will be able to obtain from their banks.

MasterCard reduces its interbank fees on payments by 49% and its interbank fees on withdrawals by 8%

Interbank fee	Cost prior to the procedure	Final commitments accepted by the Autorité de la concurrence	% reduction in relat amounts before procedure
On payments	On average 0.55% of the amount of the transaction	Maximum of 0.28% of the amount of the transaction, on average for all payment operations	**- 49%**
On ATM withdrawals	€0.60 per withdrawal	€0.55 per withdrawal	**- 8%**

Visa reduces its interbank fees on payments by 44% and its interbank fees on withdrawals by 26%

Interbank fee	Cost prior to the procedure	Final commitments accepted by the Autorité de la concurrence	% reduction in relat amounts before procedure
On payments	Approx. 0.50% of the amount of the transaction[2]	0.28% of the amount of the transaction, on average for all payment operations	**- 44%**
On ATM withdrawals	€0.75 per withdrawal	€0.55 per withdrawal	**-26%**

Which are the interbank fees in question?

The interbank fees in question apply to payments and local withdrawals made using consumer cards.
Interbank payments fees are paid by the merchant's bank to the cardholder's bank each time a payment is made. Interbank fees on withdrawals, however, are paid each time there is a withdrawal, by the cardholder's bank to the bank managing the ATM machine.

The transactions in question are those for which an 'only'-MasterCard or 'only'-Visa card is used. They almost exclusively represent transactions performed using cards that bear the MasterCard logo or Visa logo alone. Transactions using cards bearing the dual MasterCard-CB or Visa-CB logo are generally subject to the application of CB interbank fees, about which the Autorité issued a decision in 2011 (see box below).

What were the competition concerns raised by the Autorité?

For both MasterCard and Visa, the amount of interbank fees is set collectively between each payment system and its respective members.
While jointly setting the rate may not necessarily be reprehensible in itself, the amount of such fees must nevertheless by justified by objective factors.
During the proceedings, MasterCard and Visa proposed commitments that translated in a reduction in the interbank fees in question.
Visa's and MasterCard's interbank fees on payments and withdrawals will thus be, on average, similar to the level of fees that the Groupement des Cartes Bancaires – the most frequently used card payment system in France – agreed to in 2011. They are also virtually identical to those envisaged by the European

Commission in its Proposal for a Regulation on interchange fees for card-based payment transactions dated 24 July 2013 (see the draft regulation).

Previous decisions by the Autorité de la concurrence regarding means of payme

Direct debits/Interbank payment orders (TIP): In 2012 (decision 12-D-17/ press release 2012), the Autorité obtained from the French banks, as from 1 September 2013, the pe removal of the main interbank fees applicable to direct debits, interbank payment orc and other non-cash means of payment. An initial 50% reduction occurred on 1 Septem Furthermore, fees on exceptional transactions linked to these payment metho substantially reduced as a result of the proceedings.
From 1 September 2013, interbank fees on rejected direct debits were reduced to an amount of €0.064 (a reduction of more than 90% in comparison with a rate of 0.76 € pr proceedings).

CB Cards: In 2011 (decision 11-D-11/ press release of 7 July 2011), the Autorité obtained CB a substantial reduction in the two main fees linked to payments and withdrawals:
- 36% for interbank payment fee, an average of 0.30% of the transaction;
- 21% for interbank withdrawal fee, making €0.57 per withdrawal.

Cheques: In 2010 (decision 10-D-28/press release of 20 September 2010), the Autorit concurrence sanctioned 11 banks for having introduced interbank fees that were u when cheque processing became paperless (the case is pending before the Cour de Ca From 2007, under the pressure of the Autorité's investigation, the banks abolished the image exchange commission (CEIC) that had been introduced at the time of the switc paperless process for clearing interbank cheques.

Amounts of the main interbank fees currently applicable, following the decisions of the Autorité de la concurrence

	Interbank fee	New amount following a decision of the Autorité de la concurrence	% of reducti
CHEQUES (2010)	Exchanges check-image fee (CEIC)	0 €	**-100 %** (full removal)
CB BANK CARDS (2011)	Inter-bank payment fee (CIP)	0.29 % of the transaction, in average	**-36%**
	Inter-bank withdrawal fee (CIR)	0.57€ per withdrawal	**-21%**
	Card withholding service	18.76€ (withdrawal) 21.34€ (payment)	**-51%** **-44%**
MASTERCARD (2013)	Inter-bank payment fee*	0.28 % of the transaction, in average	**-49 %**
	Inter-bank withdrawal fee*	0.55 € per withdrawal	**-8%**
VISA (2013)	Inter-bank payment fee*	0.28 % of the transaction, in average	**-44%**
	Inter-bank withdrawal fee*	0.55 € per withdrawal	**-26%**
OTHER MEANS OF PAYMENT (2012)	Direct Debit	0 €	**-100 %** (full removal)
	Online payments	0 €	**-100 %** (full removal)
	Interbanck payment orders (TIP)	0 €	**-100 %** (full removal)
	Incoming international transfers	0 €	**-100 %** (full removal)
	Rejections of direct debits	0.064 € in average	**-90 %**

* From 1 November 2013

1 See box below.

2 Visa interbank fees on payments are classified per type of card and per type of transaction and published on their Internet site. They consist of a fixed share and a variable share.

> See full text of decision 13-D-17 of 20 september 2013 (MasterCard)

> See full text of decision 13-D-18 of 20 september 2013 (Visa)