

To:

- European Commission, Commissar Lord Hill
- Italian Presidency of the European Union
- European Parliament, ECON Committee

Brussels, 18.11.2014

Trilogue negotiation on Interchange fees for card-based payment transactions

Dear Ladies and Gentlemen,

Currently, companies and consumers pay €9 billion per year of multilateral interchange fee (MIF). These costs fall on all consumers, whether they pay by card or not. Furthermore, on average these fees are higher for smaller retailers and other companies accepting card-payments and the MIF system has been condemned as anti-competitive by the highest European Court. Europe's payment users badly need the proposed Interchange Fee Regulation to rectify this.

However, the creation of a fairer, more transparent interchange fee framework for European merchants and consumers is under serious threat by the general approach from the ECOFIN Council as decided last week. The main concerns of our businesses are:

1. Weighted Average Fees

ECOFIN Council proposed the introduction of 'weighted average' fees for domestic debit transactions, an idea already rejected by the European Parliament at first reading. Such a system would create uncertainty about fee levels for debit cards and may end in a highly fragmented market. Furthermore, it will lead to higher costs for SMEs and small retailers, which have less negotiating power and cannot take advantage from cross-border acquiring services.

Therefore, UEAPME and HOTREC ask you to reject the proposal from the ECOFIN Council to allow Member States to introduce for domestic payments weighted average fees instead of a maximum fee for debit card payments:

The proposed caps of 0.2% or 7 cents for debit and of 0.3% for credit should be reinstated as an absolute maximum - with the option for member states to set lower fees (percentage or fixed) to suit local markets.

2. Commercial Cards

UEAPME and HOTREC strongly believe that an exemption of commercial cards from regulated fees is economically unjustified and risks creating loopholes. Furthermore, distinguishing commercial cards from consumer cards gives rise to significant technical and practical problems.

Therefore, UEAPME and HOTREC ask you to include commercial cards in the regulation: all providers and products should be treated in the same way - a fair price for all equivalent services.

3. Honour all cards rules and surcharging

If commercial cards and three party schemes are not covered by the MIF regulation or if they do not have to respect the caps of the regulation, retailers and other companies accepting card-payments from private costumers should not be obliged to accept expensive premium cards or other cards with costly additional services. Furthermore, companies accepting unregulated payment cards should have the option to surcharge their costumers for such premium services.

Therefore, UEAPME and HOTREC ask you to remove the honour-all-card rules, especially for cards and payment options not covered by maximum caps and to allow surcharging for transactions initiated by non-covered cards.

Yours faithfully,



Peter Faross

Secretary General of UEAPME



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