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Date: 18/06/2013
Reference: PR 2013/012

Consumers urge Commission against scale down on excessive card fees

European Commission plans to curb consumer unfriendly card transaction fees are under attack from intense lobbying by card companies such as MasterCard. Such Multilateral Interchange Fees (MIFs) generate a steady stream of income for banks and card companies at the expense of consumers, retailers and SMEs.

MIFs are added to the cost of goods and services – even for those consumers who pay with cash or do not even possess a card – as retailers have to hand over part of their income to the consumer's bank every time a consumer uses a credit/debit card to make a purchase.¹

Monique Goyens, Director General of BEUC, commented:

"Consumers are fed up having to perk up card company and bank balance sheets. Courts² and regulators have time and again ruled interchange fees unfair and so plans by the European Commission to finally regulate them would be a very welcome move.

"We have seen MasterCard make misleading claims³ and piggy-back on consumer organisation and retailer credibility to suit their purposes⁴. Such underhand tactics should not be rewarded.

"MIFs stifle competition as they prevent new card companies from entering the market. They also thwart innovative, cheaper and more secure payment means from emerging because most banks prefer cards for their MIF-related income. The fact that a few big players dominate the card market is convenient for banks, but bad for consumers."

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¹ For more information on multilateral interchange fees please consult our Factsheet: <http://bit.ly/Zr5ioH>

² See for example General Court of the European Union decision: <http://bit.ly/17SsyRN>

³ MasterCard uses data which allegedly show an increase of card subscription prices following a forced reduction of the level of MIFs by the Spanish Government. In fact, BEUC's Spanish member OCU objects to this point of view. Their research shows that the overall increase in bank fees – and not just card fees – coincides in time with the difficulties experienced by the Spanish financial system.

⁴ This MasterCard data is used in advertorials in such a way to persuade French newspaper readers that consumer groups are in favour of MIFs.