Interchange fees for card-based payment transactions

2013/0265(COD) - 10/03/2015 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 621 votes to 26, with 29 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on interchange fees for card-based payment transactions.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary amend the Commission proposal as follows:

Interchange fee caps: Parliament noted that in addition to a consistent application of the competition rules to interchange fees, regulating such fees would improve the functioning of the internal market and contribute to reducing transaction costs for consumers.

For **cross-border debit card transactions**, the agreed fee cap is 0.2% of transaction value.

For **domestic debit card transactions**, at Parliament's request, the same 0.2% cap will apply after a five-year transition period in which EU Member States may cap fees at 0.2% of the "annual weighted average transaction value of all domestic transactions within the card scheme". For **smaller domestic debit card transactions**, Member States may also set a maximum fixed fee of EUR 0.05 per transaction, after the five-year transition period.

As regards interchange fees for consumer **credit card transactions**, payment service providers shall not offer or request a per transaction interchange fee of more than **0.3%** of the value of the transaction for any credit card transaction. For domestic credit card transactions Member States may define a lower per transaction interchange fee cap.

Information of the competent authorities: in order to define the relevant interchange fee caps for domestic debit card transactions, it is appropriate to allow national competent authorities entitled to ensure compliance with this Regulation to collect information regarding the volume and value of all debit card transactions within a payment card scheme or of the debit card transactions pertaining to one or more payment service providers. The competent authorities shall, upon their written request, require payment card schemes and/or payment service providers to provide all information necessary to verify the correct application of this Regulation. Any other information enabling the competent authorities to verify compliance shall be sent to the competent authorities upon their written request and within the deadline set by them.

Exemptions:

- until 42 months after the date of entry into force of this Regulation, in relation to domestic payment transactions, such a three party payment card scheme (cardholder - acquiring and issuing scheme - merchant) may be **exempted from the obligations** under the Regulation, provided that the card-based payment transactions made in a Member State under such a three party payment card scheme do not exceed on a yearly basis 3% of the value of all card-based payment transactions made in that Member State;

- a **commercial card** used only for business expenses charged directly to the account of the undertaking or public sector entity or the self-employed natural person shall be exempt from the new provisions.

Co-badging and choice of payment brand or payment application: when entering into a contractual agreement with a payment service provider, **the consumer may require two or more different payment brands** on a card-based payment instrument provided that such a service is offered by the payment service provider. In good time before the contract is signed, the payment service provider shall provide the consumer with clear and objective information on all the payment brands available and their characteristics, including their functionality, cost and security.

Payees shall retain the option of installing **automatic mechanisms** in the equipment used at the point of sale which make a priority selection of a particular payment brand or payment application but **payees shall not prevent the payer from overriding such an automatic priority selection** made by the payee in its equipment for the categories of cards or related payment instruments accepted by the payee.

Universal cards: in order to ensure an adequate level playing field between the different categories of payment cards, it is appropriate to apply the **same rule** provided by this Regulation for the debit card transactions to such 'universal cards' domestic payment transaction.

However, in exceptional circumstances and during a transition period of 18 months from the entry into force of the Regulation, Member States may define a share of **no more than 30%** of the domestic payment transactions by universal cards shall be considered to be equivalent to credit card transactions.

Review clause: by four year after the entry into force of the Regulation, the Commission should present a report studying various effects of this Regulation on the functioning of the market. The report by the Commission shall, if appropriate, be accompanied by a legislative proposal that may include a proposed amendment of the maximum cap for interchange fees.