

Interchange fees for card-based payment transactions

2013/0265(COD) - 29/04/2015 - Final act

PURPOSE: to lay down uniform technical and business requirements on interchange fees for card-based payment transactions.

LEGISLATIVE ACT: Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions.

CONTENT: the Regulation lays down uniform technical and business requirements for card-based payment transactions carried out within the Union, where both the payer's payment service provider and the payee's payment service provider are located therein. Interchange fees are usually applied between the card-acquiring payment service providers and the card-issuing payment service providers belonging to a certain payment card scheme. Interchange fees are a main part of the fees charged to merchants by acquiring payment service providers for every card-based payment transaction. Merchants in turn incorporate those card costs, like all their other costs, in the general prices of goods and services.

The existing wide variety of interchange fees and their level prevent the emergence of new pan-Union players on the basis of business models with lower or no interchange fees, to the detriment of potential economies of scale and scope and their resulting efficiencies. This has a negative impact on merchants and consumers and prevents innovation.

The aim is to **reduce costs for both retailers and consumer**, and to help create an EU-wide payments market. The regulation will also help users make more informed choices about payment instruments.

Interchange fee caps:

- Payment service providers shall not offer or request a per transaction interchange fee of more than **0.2%** of the value of the transaction for **any debit card transaction**.
- **For domestic debit card transactions**, Member States may either: define a per transaction percentage interchange fee cap lower than 0.2% and may impose a fixed maximum fee amount as a limit on the fee amount resulting from the applicable percentage rate; or allow payment service providers to apply a per transaction interchange fee of no more than EUR 0.05, or, in the Member States whose currency is not the euro, the corresponding value in the national currency on 8 June 2015, which shall be revised every five years or whenever there is a significant variation in exchange rates. This per transaction interchange fee may also be combined with a maximum percentage rate of no more than 0.2%, provided always that the sum of interchange fees of the payment card scheme does not exceed 0.2% of the total annual transaction value of the domestic debit card transactions within each payment card scheme. **Until 9 December 2020, Member States may allow payment service providers to apply a weighted average interchange fee of no more than the equivalent of 0.2%** of the annual average transaction value of all domestic debit card transactions within each payment card scheme. 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

Universal cards: in relation to domestic payment transactions that are not distinguishable as debit or credit card transactions by the payment card scheme, the provisions on debit cards or debit card

transactions are applied. However, until 9 December 2016, Member States may define a share of no more than 30% of the domestic payment transactions 'Universal cards' that are considered to be equivalent to credit card transactions to which the interchange fee cap set at 0.3% shall apply.

Exemptions:

- for domestic payment transactions, until 9 December 2018, a **three party payment card scheme** may be exempt from the obligations under this 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;
- **business cards** used only for business expenses shall also be exempt.

Transparency and choice of payment brand or payment application: the Regulation introduced transparent mechanisms which will allow retailers to be aware of the level of fees paid when accepting cards. The new rules will enable them to more easily select which payment cards to accept.

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.

Information to the payee: after the execution of an individual card-based payment transaction, the payee's payment service provider shall provide the payee with the following information:

- the reference enabling the payee to identify the card-based payment transaction;
- the amount of the payment transaction in the currency in which the payee's payment account is credited;
- the amount of any charges for the card-based payment transaction, indicating separately the merchant service charge and the amount of the interchange fee.

Review clause: by 9 June 2019, the Commission shall submit a report on the different effects of the Regulation on the functioning of the market. It shall, if appropriate, be accompanied by a legislative proposal that may include a proposed amendment of the maximum cap for interchange fees.

ENTRY INTO FORCE: it shall apply from 8 June 2015, with the exception of certain provisions which shall apply from 9 December 2015 and 9 June 2016.