



Interchange Fee Regulation

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Regulation (EU) 2015/751 of 29 April 2015 on interchange fees for card based payment transactions

Entry into force: 08.06.2015

Applicability of Caps: 09.12.2015

(most) Business rules: 09.06.2016

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.123.01.0001.01.ENG

Two main objectives

- Put an end to the race between MasterCard and Visa for higher interchange fees (reverse competition)



Introduce more competition on the acquiring side

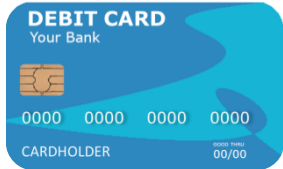


Scope

*IFR applies to **all card-based payment transactions**, carried out in the Union (two-leg transactions)*

However, caps on interchange fees to apply to:

- *Consumer debit and credit cards (majority of cards market)*
- *Commercial cards and three party schemes excluded*



Interchange fees caps: scope



- Prepaid: 0.2% (per transaction or national rules)
- Debit: 0.2%(per transaction or national rules)
- Deferred debit: 0.3% (per transaction)
- Credit: 0.3% (per transaction)
- Three party schemes with licensees: Member States can exempt for till 09.12.2018 if whole scheme has <3% market share
- Domestic cards – specific provisions on setting of caps

Business rules (Chapter III)

- ✓ Apply to *all card-based transactions* (commercial cards included)
- ✓ Business rules aimed to improve competition mostly on the acquiring side to the benefit of merchants and their customers

Business rules in a nutshell

Art 6: Licensing, no territorial restrictions (09.12.2015)

Art 7: Split scheme & processor (09.06.2016)

Art 7: Technical interoperability (09.06.2016)

Art 8: Co-badging (09.06.2016)

Art 8: Choice of application (wallet issue) (09.06.2016)

Art 9: Unblending (09.06.2016)

Art 10: Honour all card rules (tying) (09.06.2016)

Art 11: steering rules (09.06.2015)

Art 12: Transparency, payee information (09.12.2015)

Separation between processor and scheme (Article 7)

- *These entities shall be independent in terms of accounting, organisation and decision-making processes*
- *EBA to develop RTS*
- *Processing entities shall be technically interoperable (use of common standards)*

Which other rules will affect merchants?

Article 8 – Co-badging and choice of payment brand allowing merchants to ‘steer’ customers to their preferred method of payment.

Article 9 – Unblending - Pricing by schemes should be MIF + plus by default unless merchant opts out and asks for a ‘blended rate’.

Article 10 – ‘Honour All Cards’ rule relaxed – allows merchants to refuse accepting certain cards e.g. commercial cards.

Honour all cards rules

If a retailer accepts this card :



He will not be obliged to accept this one:





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Honour all issuers rule (10.3)



*'Your card is fine. I'm just checking
that your bank hasn't expired'*

Steering rules, rebates and surcharging

Article 11 – schemes cannot prohibit merchant to steer their customers to their preferred means of payment

Article 62(3) PSD2 – merchants are not allowed to surcharge on use of cards that are subject to the Caps.

- ✓ *Rebates for use of certain means of payment always possible*
- ✓ *Surcharge still possible for non-regulated cards (e.g. commercial cards, three party scheme cards)*

BUT: MS can opt for full ban on surcharge (Art. 62(4) PSD2)