

## **Statement regarding the CMA's decision to close its investigations of MasterCard's and Visa's interchange fee arrangements on the grounds of administrative priority**

**Parties:** MasterCard Incorporated, MasterCard International Incorporated, MasterCard Europe srl, S2 Card Services Limited, and UK MasterCard and Maestro licensees (Case CE/6345/05); Visa UK, Visa Europe and members of Visa UK and Visa Europe (Case CE/4500/04)

**Cases closed:** May 2015

**Issue:** Interchange fee arrangements.

**Relevant provision:** Competition Act 1998, Article 101 of the Treaty on the Functioning of the European Union.

### **Summary of closure decision**

In May 2015, the CMA decided to close its investigations of MasterCard's and Visa's multilateral interchange fee arrangements for consumer credit and debit card payments (MasterCard's and Visa's MIF arrangements) on the grounds of administrative priorities.

The CMA decided that formal investigations of MasterCard's and Visa's MIF arrangements no longer merited the continued allocation of resources because they no longer fitted within the CMA's casework priorities. The CMA reached this decision in light of the coming entry into force of the Regulation of the European Parliament and of the Council on interchange fees for card-based payment transactions (the 'Interchange Fee Regulation' or 'IFR').<sup>1</sup>

The IFR was approved by the Council of the European Union on 20 April 2015 and will enter into force 20 days after its publication in the Official Journal of the European Union. Caps on the levels of MIFs that may apply to transactions made

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<sup>1</sup> On 4 November 2014, the CMA stated that it had decided not to progress its interchange fees investigations at that time, given the expected future entry into force of the IFR. The CMA stated that it would look again at progressing its investigations if the IFR were to not address the suspected harm caused by excessive interchange fees as expected.

using MasterCard and Visa consumer payment cards will take effect six months after the IFR enters into force. Under the IFR, MIFs will be capped at no more than 0.3% and 0.2% of the value of the transaction for credit card transactions and debit card transactions respectively (with limited discretion for national governments to implement certain variations to the above caps).<sup>2</sup> The Payment Systems Regulator will be the competent authority for the monitoring and enforcement of compliance with the IFR in the UK.

As such, during 2015 the IFR will address the harm through increased merchants' costs and higher consumer prices that is suspected to be caused by MasterCard's and Visa's MIF arrangements. This is quicker than the CMA could progress its MasterCard and Visa investigations to statements of objections, and following that, if the evidence supported it, to infringement decisions. As such, further CMA enforcement action in these cases, which would require the expenditure of significant resources, would have limited, if any, direct impact. Accordingly, the CMA decided that formal investigation of MasterCard's and Visa's MIF arrangements no longer fitted within the CMA's casework priorities.

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<sup>2</sup> In addition, from 12 months after the IFR's entry into force it will prevent payment card schemes from using 'Honour all Products' or 'Honour all Cards' rules which can have the effect of tying merchants' acceptance of low-fee cards (for example, consumer debit cards) to acceptance of high-fee cards (such as commercial credit cards).