

EBF raises strong concerns over the European Parliament vote on payments

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The European Banking Federation (EBF) considers that the far-reaching consequences of the Interchange Fees Regulation on cardholders and on the usage of cards, as approved by the Committee on Economic and Monetary Affairs of the European Parliament (ECON), have not been duly weighed.

"A drastic reduction^[1] of the fee paid by merchants for the benefits they derive from being paid by card is a threat to innovation and security in card transactions. This will not benefit consumers as the costs of issuing cards may not be covered. Consumers, instead of merchants, will end up paying the bill" explained Guido Ravoet, EBF Chief Executive.

Furthermore, the EBF considers it unrealistic to impose that the very substantial changes to numerous longstanding rules governing the cards market have to be implemented within one year. "It took 10 years to introduce an integrated market for credit transfers and direct debits (SEPA) – it is therefore hardly understandable to do the same with cards in a single year" added Ravoet.

Regarding the Payment Services Directive, the EBF understands the eagerness of ECON to open the market to third-party payment providers (TPPs), but considers that it has failed to recognize fully one fundamental drawback. Allowing consumers to hand over their personal confidential credentials to some TPPs to make a payment on their behalf will indeed put the security^[2] of payments and data protection at risk.

As a consequence, the very open approach taken by ECON does not address the additional risks (e.g. ID-theft, fraud, illicit transactions) posed by the use of third-party payment providers to the detriment of consumers.

^[1] Lower amount of 7 cents or 0, 2 % of the value of transactions for debit card and 0,3 % for credit card.

^[2] As stated recently by the European Central Bank in its official opinion on the draft text: "It is a core principle of IT security that credentials used to authenticate the payment service user are not shared with any third party".

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