

European Commission Fines Mastercard €570m

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Mastercard must pay a penalty of €570m for historic breaches of EU antitrust rules, the European Commission has announced, following a long-running investigation into its cross-border acquiring restrictions.

The fine relates to a Mastercard rule that the interchange fee applied to a card transaction must be the interchange fee set within that country — even if the card was issued in another EEA member state.

That practice ceased in December 2015, when the [Interchange Fee Regulation](#) (IFR) set a cap on both domestic and intra-regional rates of 0.2 and 0.3 percent for debit and credit cards respectively.

But prior to that regulation taking effect, the European Commission found that variations in different country-level interchange fees meant “retailers in high-interchange fee countries could not benefit from lower interchange fees offered by an acquiring bank located in another member state”.

That means if fees were set higher in Belgium than in France, for example, a Belgium-issued card would be more costly for acquirers, and therefore retailers, when used in France.

“European consumers use payment cards every day, when they buy food or clothes or make purchases online,” said Margrethe Vestager, the EU’s commissioner in charge of competition.

“By preventing merchants from shopping around for better conditions offered by banks in other member states, Mastercard’s rules artificially raised the costs of card payments, harming consumers and retailers in the EU.”

A spokesperson for Mastercard said the decision “relates to historic practices only, covers a limited period of time of less than two years and will not require any modification of Mastercard’s current business practices”.

“Mastercard sees the closure of this anti-trust chapter as an important milestone for the company,” they said.

“Going forward, we will focus on what we do best: developing and delivering safe and seamless payment solutions that deliver real value for consumers, customers, retailers and governments alike.”

The fine largely brings an end to a string of competition actions that have taken place over more than a decade.

In late 2007, the European Commission found that Mastercard’s interchange fees on intra-regional card payments — in other words, cross-border transactions within the EEA — restricted competition between banks. That finding was supported by a 2014 Court of Justice ruling.

A statement of objections was issued in July 2015, less than six months before the IFR took effect.

Additional commitments on inter-regional interchange fees — for cards being used within the EEA but that were issued outside it, not subject to the IFR — were proposed in December, bringing a second aspect of the competition case near to conclusion.

“The commission is concerned that such fees applied by Mastercard may anti-competitively increase prices for European retailers accepting payments from cards issued outside the EEA and in turn lead to higher prices for consumer goods and services in the EEA,” it said.

“That part of the case is still pending.”

Mastercard has [already acknowledged](#) it was expecting to “incur a charge of approximately \$650m”. The total fine issued today was €570,566,000, or just over \$648m.

However, the European Commission pointed out that those affected by the historic breaches of antitrust rules are able to pursue damages.

“Any person or company affected by anti-competitive behaviour as described in this case may bring the matter before the courts of the member states and seek damages,” it said.

“A commission decision constitutes binding proof that the behaviour took place and was illegal. Even though the commission has fined the companies concerned, damages may be awarded without being reduced on account of the commission fine.”

There are several pending damages claims against both Mastercard and Visa, although in recent weeks some cases — such as *Deutsche Bahn v Mastercard* — have been settled.

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