

Wednesday, 09 May 2006

*Dear Colleague*

**Fair Payment Alliance:  
Response to European Commission's Report into Visa and MasterCard**

As you know, the European Commission has published an initial report of their investigation into the Payment card market and has found in favour with many of the arguments we, in retail, have been building.

The Commission's findings are a successful result from our point of view and the Travel Retail contribution has been warmly recognised by members of the wider alliance we have been working with and noted as significant.

The Commission's findings on payment cards are unmistakable and the key findings are: *businesses and consumers do not yet benefit from a fully competitive Internal Market in payment cards; interchange fees to a large extent are passed on to merchants through higher fees; consumers pay 100% more for MasterCard and Visa in some countries than in others; fees for businesses vary by up to 500% across the EU 25 for Visa and up to 650% for MasterCard and the size of these differentials indicates that prices could be significantly reduced in some EU Member States."*

Although the Commission's report is a major step forward, there are still a number of crucial steps to take if we are to achieve our aim of a significantly fairer framework with the payment card companies and banks and we are now at one of the most important phases of our initiative and *I cannot emphasise enough the importance of this phase*. We have to ensure that we maintain the advantage and ensure the Commission do not retrace their steps on their report's findings.

The Commission have opened a consultation process on their initial report and I attach a copy of the consultation document. They will then analyse the responses to this consultation in order to complete their final report, due to be published at the end of the year. To help us maintain our initiative, I should be very grateful for your assistance by responding to the questions on the attached, which are relevant to you and return to Graham Austin at the address below.

Please feel free to contact Graham Austin if you have any questions. Graham, who many of you know, is supporting my Travel Retail FPA initiative and can be contacted at [gla@gbatbeckenham.co.uk](mailto:gla@gbatbeckenham.co.uk); Tel: +322 726 1759.

I thank you in advance for your help

*Yours sincerely*

**Jacques Parson**



(Chairman)