

THE FPA HERALDS A SIGNIFICANT SUCCESS!

The European Commission's investigation into the credit card market has given a major boost to Travel Retail's FPA campaign for a fairer framework with the banks and credit card companies, which could lead to *significant reductions in the costs travel retailers must carry for accepting credit and debit cards!*

The Commission published its long awaited interim report of their investigations on Wednesday, 12 April, at a press conference held by Competition Commissioner, Neelie Kroes. Overall, the report reinforces many of the recent findings by various national authorities, such as Spain and the UK.

Supporting the FPA's arguments on the most contentious issue, the Interchange fees – *the cost element the banks agree amongst themselves and pass down to retailers to pay* - the report recognises that countries with higher interchange fees have also higher levels of retailers' costs and concludes '*This means that interchange fees to a large extent are passed on to merchants through higher fees*'. Other startling findings indicate that fees for businesses can vary by up to 500% across the twenty-five Member States of the European Union for Visa and up to 650% for MasterCard!

Although Visa and MasterCard have not spoken publicly yet, they are expected to contest the findings. However, Competition Commissioner Neelie Kroes seems very firmly on the side of the retailers and consumers when she said the current situation 'must change' and added 'prices paid by retailers for accepting cards should be decided by the free play of market forces – not imposed by country-wide agreements'.

Ms Kroes went on to say 'we will look at whether the Commission should pursue cases against banks and card networks under the EC Treaty's anti-trust rules. We have identified a number of possible individual case investigations. We will decide on concrete steps once we have listened to all those who have comments'.

Public consultation has now opened on the report, with a 21 June deadline.

Speaking after the announcement, Kappé International Chairman, Jacques Parson who is leading the Travel Retail FPA, said "*The Commission has given everyone involved in the FPA a very nice Easter present! All parties involved, such as the downtown stores and others accepting cards in their business, have recognised the significant contribution the Travel Retail FPA has played and I thank all the members of our group again for helping me to provide the ammunition to help the Commission draw such fundamental conclusions. It is a very good example of how sharing information can be truly effective for the industry's overall good. Now we must examine the report in detail and prepare our next steps to ensure the findings in the report become reality in terms of a fairer, economic, framework for us and our customers!*"

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