

ACCIE comment on the IFR

The Association of Credit Card Issuers Europe (ACCIE) is pleased that the European Commission (Commission) will continue the evaluation of the impacts of the Interchange Fee Regulation (IFR). This paper addresses the remaining issues of the IFR discussed during the public hearing on the IFR organised by the Commission on 7 December 2020, and supplements the ACCIE view on the IFR¹.

The interchange fee caps and other fees

ACCIE believes that the IFR's aim of reducing the cost of payment for consumers should be a shared effort by all the financial players within the credit card chain as the cost of payment consists of a variety of interlinked service fees, collected by each involved financial player (issuer, acquirer and scheme²). Thus, ACCIE welcomes further investigation on the other fees contributing to the cost of credit card acceptance.

At the moment, the IFR only regulates the interchange fees³ (IFs), which are one of the many service fees contributing to the card acceptance cost. Consequently, the issuers are currently the sole player carrying the responsibility of reducing the cost of payment for consumers. By targeting the issuer, the IFR addresses the player within the credit payment chain which is of utmost importance for the consumers and the European economic stability. This is because, issuers provide credit to cardholders and security for credit card payments, as well as bear all the credit risk. By providing the cardholders credit facilities, the issuer enable them to make purchases they would not otherwise have funds for, thus, boosting the economic growth. This is especially important for the economic stability during the time of an economic downturn such as the Covid-19 crisis. As the issuers are predominantly European businesses, only licensed to operate within the European jurisdiction, the European issuers contribute to the well-being of the European economy. In other words, the IFR currently targets the only primarily European player in the credit card chain, which decreases their capability to invest in innovation and to compete with the other (international) players involved in credit payments. Consequently, the current IFR deviates from the goal towards European payment sovereignty, which the Commission introduced in the Retail Payments Strategy in September 2020.

Commercial credit cards

It has been suggested that virtual commercial credit cards are possibly causing circumvention of the IFR caps. ACCIE emphasises that the clear definition of commercial cards in the IFR⁴ has ensured that circumvention is highly unlikely by the use of commercial cards from the issuers perspective. Virtual commercial cards are issued in the basis of the same definition as tangible commercial cards. Thus, in the same way as tangible commercial, these cards are only used in certain types of B2B transactions.

¹ [ACCIE view on the IFR](#) (June 2020)

² Issuer is the financial institution providing credit to cardholders. Acquirer is the financial institution working with the merchant. Scheme is a payment network (e.g. Visa, Mastercard), processing transactions.

³ Interchange fees are service fees, which the acquirer pays to the issuer during a credit card transaction.

⁴ "a payment instrument used only for business expenses charged directly to the account of the undertaking or public sector entity or the self-employed natural person" [Interchange Fee Regulation \(EU\) 2015/751](#) (preamble, para. 38)