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**PRESS RELEASE**

**Credit cards: the EU Directive on fees is a mistake  
Citizens' Defence Movement: "Reducing interchange fees is not the  
answer. Consumers will pay the price"**

*They could risk paying up to 10 euro more for each credit card.  
This EU provision favours business owners, relieved of commissions and  
free to choose which cards to accept, thereby limiting free competition*

Rome, 24 July 2013 – *"Reducing fees is not the right way to go because this will severely impact consumers. We've already seen this in Spain, in the USA and in Australia"* remarks **Antonio Longo**, President of the **Movimento Difesa del Cittadino (Citizen's Defence Movement MDC)** following the issue of the EU directive which regulates electronic payments by reducing interchange fees (IF) on transactions carried out with credit/debit cards.

The EU directive rewrites the commercial rules to the detriment of consumers. The European legislator abolishes the *"honour all cards"* rule, enabling merchants to choose which cards to accept. This runs counter to the free competition obligation to accept all cards. But there's more. The *non-discrimination rule* is also replaced by the directive. According to an estimate, the EU values the reduction of merchant costs between 0.6 and 1.7 billion euro. Still according to the EU, these savings will be reflected in consumers' pockets through a drop in the prices of the goods and services purchased by means of the electronic money. However, the experiences of Spain, Australia and the United States seem to rule this out. Moreover, the European Commission does not explain nor guarantee that these savings will actually be passed on to consumers.

*"The Citizens' Defence Movement challenges the framework of the directive. – explains Antonio Longo – We are indeed convinced that the costs of annual credit card fees will rise, to a large extent, for consumers. We are not the ones saying it, but rather the failed experiences of Spain, Australia and the United States: countries where national laws brought down interchange fees. The result was an imbalance in costs to the detriment of citizens, who not only did not benefit from any price reduction, but even had to spend 50% more for holding their cards as was the case in Spain between 2006 and 2010".*

In the opinion of the MDC, the European Commission should have paid more attention to the empirical data deriving from IF reduction: still in Spain a 1.074% drop in card circulation was recorded, which - if confirmed in Italy as well - will result in almost 890 thousand fewer cards in our Country (based on ECB data in 2011).

Moreover, as highlighted by the study presented by I-Com in Rome last week, an increase from 6 to 10 euro is expected for annual credit card management fees for European citizens.



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*"The fee reduction does not contribute at all towards giving a boost to electronic payments, quite the contrary – concludes Longo –. The increase in card costs for citizens may discourage their use and favour the return to cash payments. This is most certainly not the direction to take in the fight against black economy, for which traceability is key. It would be more appropriate for the Commission to concentrate on tax deduction schemes for those who favour traceable payment methods, in order to provide a real incentive to the use of electronic money".*