

## Publication of Final Report regarding the data collection on merchants' costs of processing cash and card payments

Brussels, 18 March 2015

The Commission today published a study on merchants' costs of processing cash and card payments. The study, carried out with the assistance of Deloitte Consulting, collected precise and reliable cost data from merchants in order to deliver benchmarks for the “Merchant Indifference Test”. This methodology seeks to calculate a level of interchange fee that makes merchants, on average, indifferent between a transaction by cash or by card, and may be used to assess the appropriateness of the level of Multilateral Interchange Fees set by payment card schemes. In particular, it will serve as a reference for the Commission to assess efficiency arguments made by parties in the context of competition cases in the payments sector. The final results of the study support the approach taken by the European Commission in the antitrust settlement decisions on payment card schemes in competition cases (in relation to [Visa Europe's commitments](#) and [MasterCard's unilateral undertakings](#)) and regarding the caps on fees imposed by the [Interchange Fee Regulation as just agreed by the European Parliament](#). The full report can be downloaded [here](#).

For large merchants - accounting for at least half of the card transactions in the EU 28 - the analysis found that in the medium-term, the merchant indifference thresholds stay well below the benchmarks applied in the settlements and the Interchange Fee Regulation and range between 0.06% and 0.16% for debit and between -0.04% and 0.13% for credit cards. In the short-term, the indifference benchmarks for debit and credit cards are slightly lower, while looking ahead more long-term, they are slightly higher. The data collected did not permit drawing conclusions for all merchants, beyond large merchants.

The aim of this study was first to design and propose a coherent methodology for the application of the Merchant Indifference Test. While over time economic literature has clarified the principles of this test, the concrete application is still subject to a series of methodological considerations and choices. The study may therefore serve as a basis for debate and further research.

More specifically, the study is expected to play a role in competition proceedings as a point of reference in the analysis of facts and arguments based on Article 101 (3) Treaty on the Functioning of the European Union. In previous competition cases, DG Competition took account of several parameters, in particular the evolutions in the payment sector (changes in payment habits, intensity of card use, technological developments, development of innovative payment solutions), and as a result took a forward looking time horizon of 4-5 years as a basis for its actions, which is in line with a medium-term approach. Obviously, in the context of ongoing or future competition cases in this area, if and to the extent that parties disagree with this and other methodological choices discussed in the report, or wish to argue that certain elements are not relevant to their specific case, they would have to bring forward arguments and/or further evidence.

The full report can be downloaded [here](#).