

FEEDBACK FORM

Name of undertaking: ECTAA, the Group of Travel Agents' and Tour Operators' associations within the EU.

Industry: merchants (tour operators and travel agents)

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Participated in the questionnaire:

☒ Yes

☐ No

Specific questions from Executive Summary:

A. Financial analysis of the industry

1. Are high merchant fees a competitiveness issue for the EU economy?

ECTAA believes that high merchant fees are a competitiveness issue for the EU economy since it leads to higher prices for consumers, which, in view of the competition taking place at global level due to the development of online sales, may put EU merchants at a competitive disadvantage.

In its interim report, the Commission indicates that merchant fees appear to be determined to a significant extent by interchange fees and that on average, countries with higher interchange fees have also higher levels of merchant fees. In this respect, ECTAA believes that the lack of transparency in the interchange fees affects competition at the level of merchant fees, since EU merchant are put at a competitive disadvantage because negotiations on the level of merchant fees are almost impossible. In practice, it prevents any competition between banks on the level of merchant fees.

2. Are there compelling justifications for the comparatively high level of merchant fees observed in some parts of the EU25?
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3. In view of the apparent profitability of card issuing, is there a generally applicable justification for substantial revenue transfers through interchange fees in card payment systems?
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4. Are the high profits observed due to innovation or do they arise from some kind of market power in a two-sided industry?
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5. What pricing practices, rules and legal provisions distort price signals to consumers and the choice of the most efficient payment instrument?

ECTAA believes that the consumer should know that when he uses a payment card, costs are linked thereto and that, one way or another, he will have to bear these costs.

In this respect, the so called “non discriminatory rule” should be prohibited. The merchant should have the choice to charge the consumer the costs of using a payment card. The consumer would then have the possibility to choose between the most cost efficient means of payment.

ECTAA believes that the consumers should actually bear the costs related to the issuance of the payment cards as well as the costs of the services and/or advantages related to the card, which are offered by the issuer (e.g., the credit period).

6. Would cost-based pricing promote the use of efficient payment instruments and how could such pricing be implemented?

ECTAA believes that cost-based pricing would promote the use of efficient payment instruments. The merchant should know the actual costs of the services provided by the acquirer in order to perform the transaction and in particular, more transparency in the elements taken into account for calculating the interchange fees is needed.

Ideally, since interchange fees are an agreement on prices, they infringe competition law and should be prohibited.

7. Do currently existing pricing practices have a substantial negative effect on cross-border card usage by consumers?
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