

Sector Inquiry on Retail Banking
EPSM Feedback to the Interim Report I – Payment Cards
Status: 09th June 2006

As an association with currently 27 members with card based activities in several European markets, we would like to state as general comments:

1. The paper is a very good, highly professional analysis which gives a clear picture of the main drivers and hindrances for competition in the European market for card based payments.
2. We do not want to comment on individual topics of the analysis, as our members can individually answer or comment more directly and open from their individual experiences in the market place.
3. We suggest that the commission contacts in addition also our actual or potential clients, i.e. merchants and their national and European representations, for additional comments.

As specific comments, we would like to add:

1. In most card based schemes, the voting rights are biased towards the issuing business. Therefore, many commercial and technical decisions have been made that tend to focus on issuer concerns (commercial: e.g. interchanges; technical: e.g. EMV, PCI, OPT).
2. Due to high MSCs, interchanges and reduced competition, in several markets like Spain and Greece, POS terminals and their maintenance are subsidized by the transaction business. This does not stimulate cross-border competition.
3. The only technical correction to the paper (page 117): The German ZVT standard is not the ZKA standard, but an industry standard for the interface between terminal and network operator that has been established by the processing software provider Atos-Origin.

Please feel free to contact us for any further questions.

For the EPSM e.V.:

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