

## FEEDBACK FORM

Name of undertaking: BAI (UK) Ltd T/A Brittany Ferries

Industry (network, current/potential acquirer, current/potential issuer, processor, other third party provider (e.g. merchant service provider), merchant (industry needs to be specified), other): Ferry Operator/Holiday Operator

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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?

Yes

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2. Are there compelling justifications for the comparatively high level of merchant fees observed in some parts of the EU25?

In the mature states we must look for competitive rates.

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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?

Yes

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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?

Charging for card use. This maybe a way of reducing costs to end user.

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

We need to introduce a minimum and maximum charge.

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

Yes. i.e. France

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## **B. Market structures, governance and behaviour**

8. What market structures work well in payment cards?

Competition, not just credit cards but also debit cards.

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9. What market structures do not appear to work well / deliver efficient outcomes?

Debit cards do help keep commissions charged by credit cards competitive.

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10. What governance arrangements can facilitate competition within and between card payment systems?

It is hoped that competition with all cards remains.

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11. What governance arrangements can incentivise card payment schemes to respond to the needs and demands of users (consumers and merchants)?

Transparency of charges.

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12. What governance arrangements can allow minority participants or minority members to receive appropriate information and participate appropriately in decision-making?

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13. What access conditions and fees are indispensable?

Basic fixed costs only to be recovered, plus margins.

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14. To what extent is separation between scheme, infrastructures and financial activities desirable to facilitate competition and efficiency?

Master Card and Visa must remain as separate products with reliable structures.

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### **C. Future market developments**

15. Are significant structural changes to be anticipated in the payment cards industry?

Yes.

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16. What are the anticipated impacts on the industry of innovation and technological change?

Reduce processing time - chip & pin. Misuse of cards reduced, i.e. cost base less.

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### **D. Potential solutions to market barriers**

17. How can structural barriers to competition, which may arise for instance from the integration of different functions within a payment system or from acquiring joint ventures, be tackled?

It has taken over 20 years to question Visa /Master Card on this issue. It appears only the Commission has the pressure/ authority to question the issues.

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18. Are there compelling justifications for the identified possible behavioural barriers to competition?

No

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19. How much need and scope is there for harmonising technical standards in the payment cards industry? How large are the potential benefits and costs of harmonisation?

There has to be harmonisation, but not at the expense of competition.

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**E. Lessons for SEPA**      Questions not answered – little or no knowledge

20. What lessons (best practice) for the design of SEPA schemes can be learnt from existing national and international payment systems?

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21. How could competition between schemes in SEPA be strengthened?

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22. Which structural and behavioural barriers to effective competition between banks and payment service providers should be removed to achieve SEPA?

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23. What governance requirements should SEPA schemes meet?

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24. By what means can interoperable communication protocols, security and other technical standards be achieved and certification procedures be limited to the minimum necessary?

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25. Do the removal of barriers to competition, the observance of pro-competitive governance and the creation of interoperable standards require (further) regulation?

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General comments:

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General questions:

1. Did you find the content of the report easily accessible and understandable?

- yes, fully;
- the report was too general;
- the report was too technical.

2. Did you find that the level of detail in the report was:

- X• about right;
- not sufficiently detailed;
- too detailed.

3. Did the information contained in the report was:

- X• generally new to you/the payment cards industry;
- mostly known to you/the payment cards industry.

4. Did the market analysis in the report:

- confirm your views on the operation of payment cards market;
- X• challenge your/industry's views on the operation of payment cards market;
- represent a mix of both aspects.

5. Did the report raised the right policy issues;

- X• yes, covered most of the key issues;
- no, there were some significant issues left out.

**Thank you for your contribution!**