



# Merchant perspective EPSM meeting

13 June 2024 – Atze Faas



# Retail & Wholesale is a huge economic and social contributor in the EU

**5 million**  
businesses  
(large and SMEs)

Jobs for  
**26 million**  
in the EU

**10 %**  
of EU GDP

Entry into the labour market for  
**1 in 5** young  
Europeans

The sector supports millions of other jobs in the supply chain. Retailers and wholesalers are present in every city, region and county in Europe. **It makes our towns and villages attractive places to live and work.**



# Merchant Payments Coalition Europe



# End-to-end approach for merchants





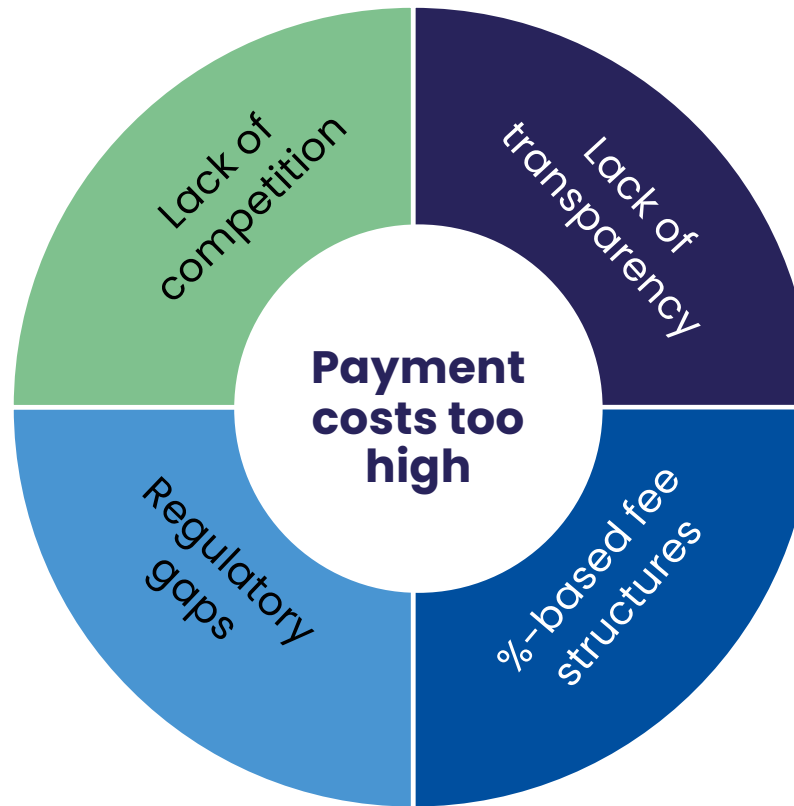
# EU Legislation affecting payments (probably non-exhaustive)

1. Interchange Fee Regulation (IFR)
  2. European Accessibility Act (EAA)
  3. E-Money Directive => PSD3
  4. Anti-Money Laundering Directive => Regulation (AMLR)
  5. Payment Services Directive 2 => PSD3/PSR
  6. Instant Payment Regulation (IPR)
  7. Digital Services Act (DSA)
  8. Digital Markets Act (DMA)
  9. European identity (eIDAS)
  10. Digital Operations Resilience Act (DORA)
  11. Consumer Credit Directive (CCD) => Buy Now Pay Later
  12. General Data Protection Regulation (GDPR)
  13. Digital Euro Regulation
  14. Legal tender of euro banknotes and coins regulation
  15. Alternative Fuels Infrastructure Regulation (AFIR)
- 5 On top of that: PCI PTS/DSS and Scheme rules



# Payment costs – 4 areas of concern

- Visa & Mastercard market shares
  - Domestic card-based schemes
  - Honour all cards
  - Surcharging ban
  - Access to Apple NFC
- 
- Unregulated & increasing fees:
    - Scheme
    - 3-party
    - Commercial
    - Interregional
  - Limited network exclusions
  - Meal/social vouchers
  - Behavioural pricing



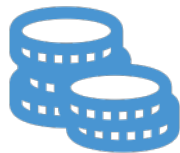
- Merchant billing
  - Surcharging
  - Incentives
  - Comparability of costs
  - Tokenisation => data
- 
- No relation to costs
  - 'Temporary' fees
  - No economies of scale

# Any elephants in the room?

These are not making sense to merchants



Consumers think payments are for free



Percentage-based fees

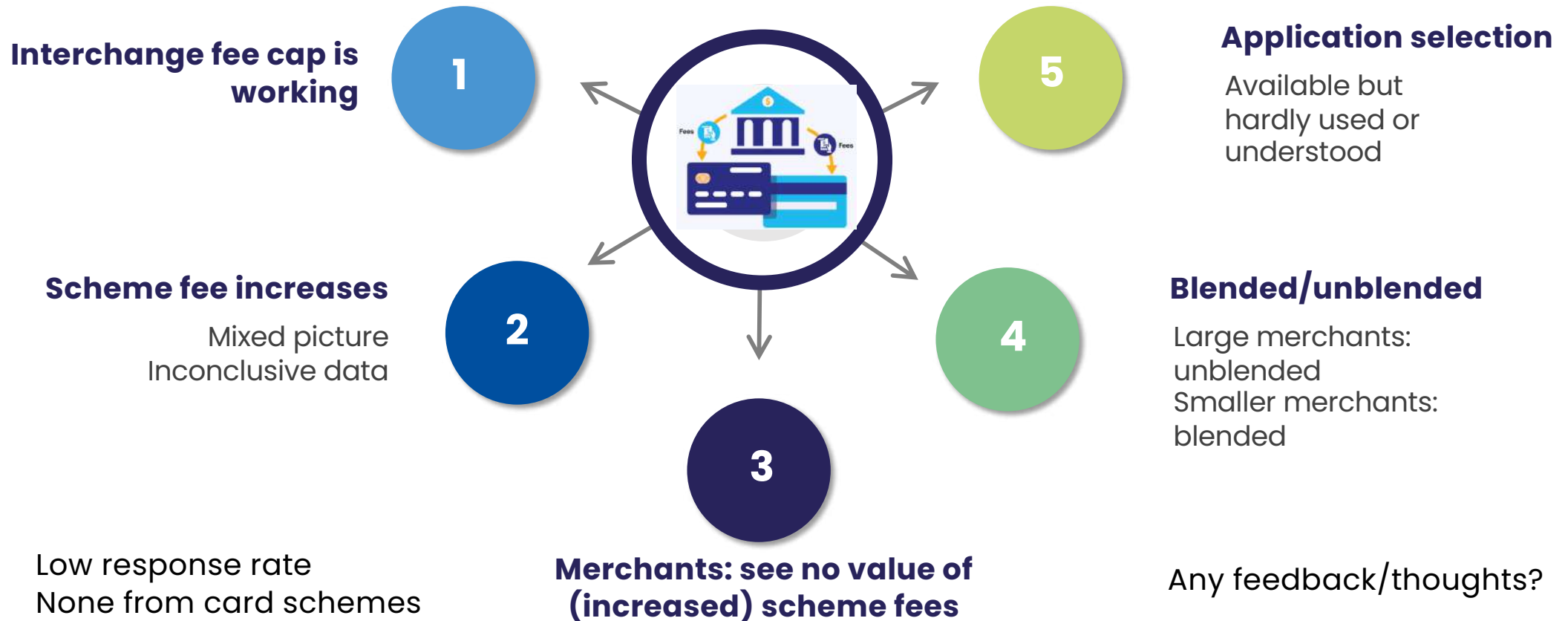


Fee differences when SCA is applied



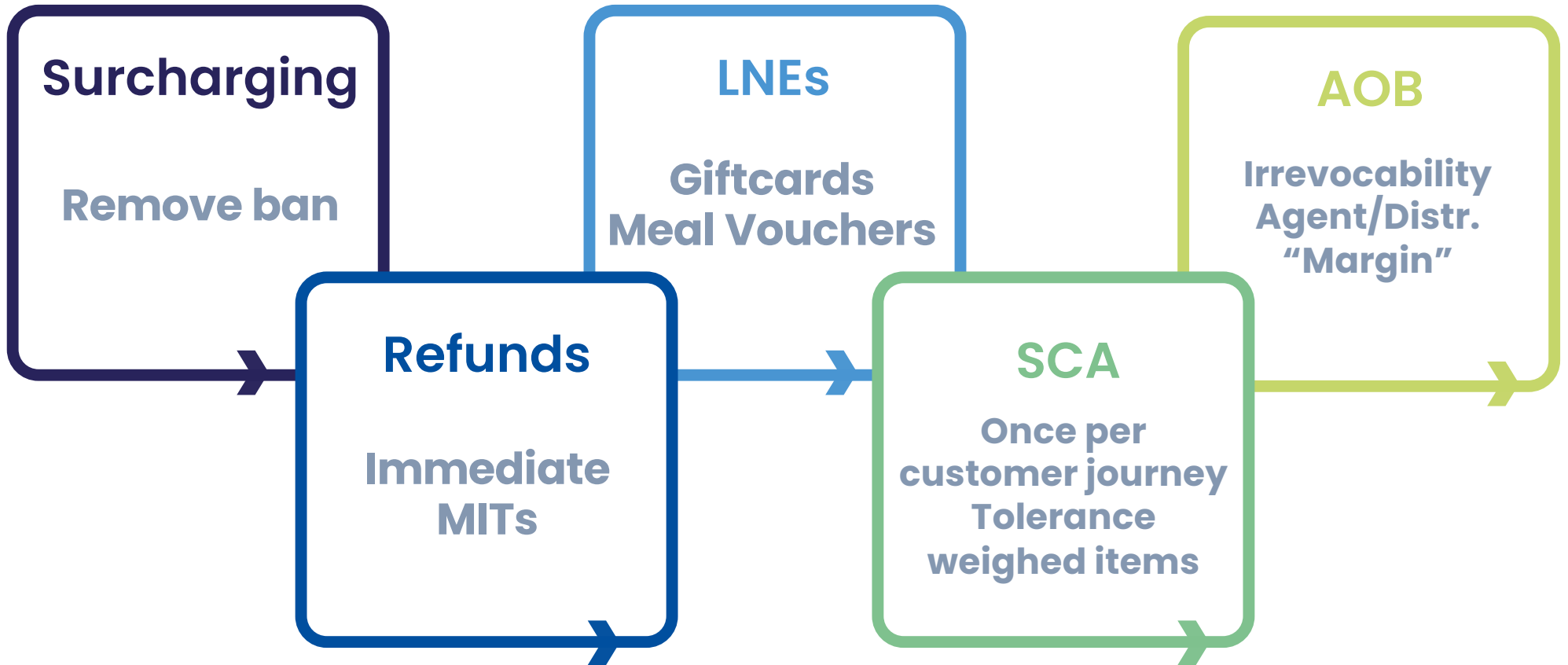
Market indifference test

# DG COMP: IFR study – key findings





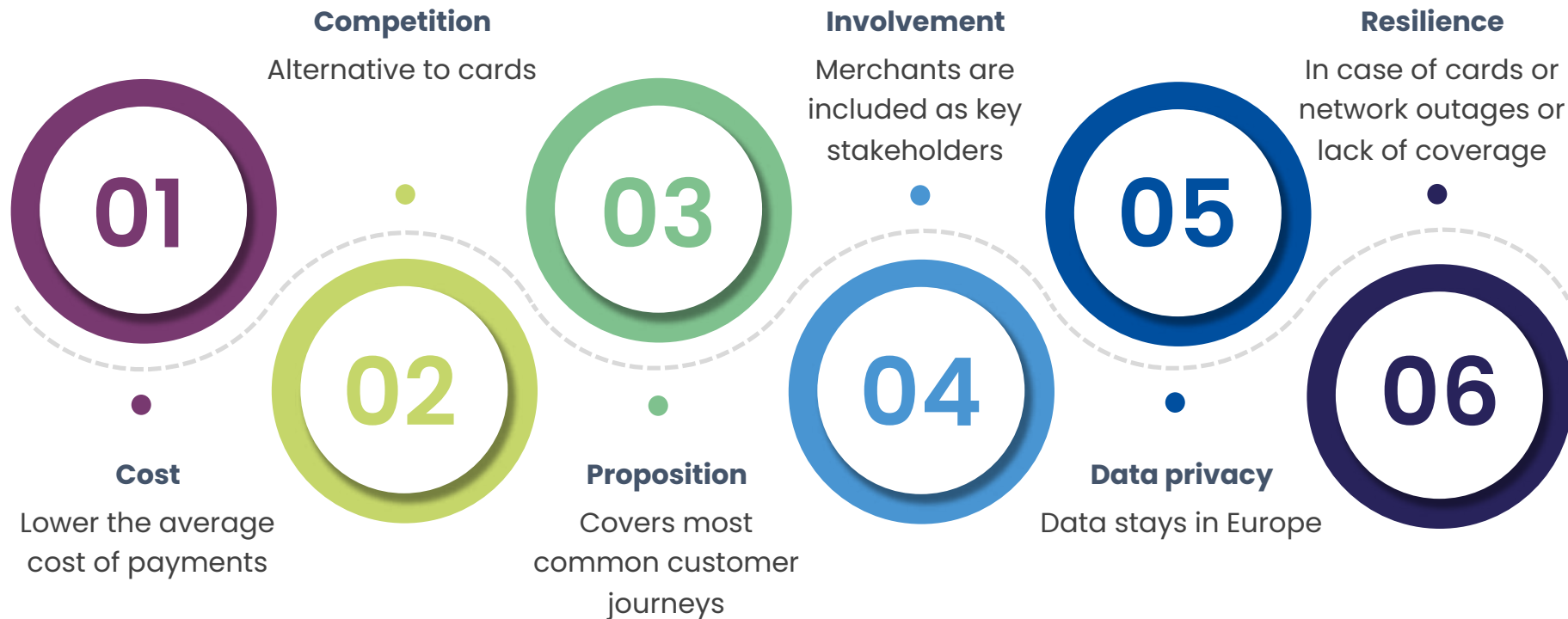
## PSR positions from merchant perspective



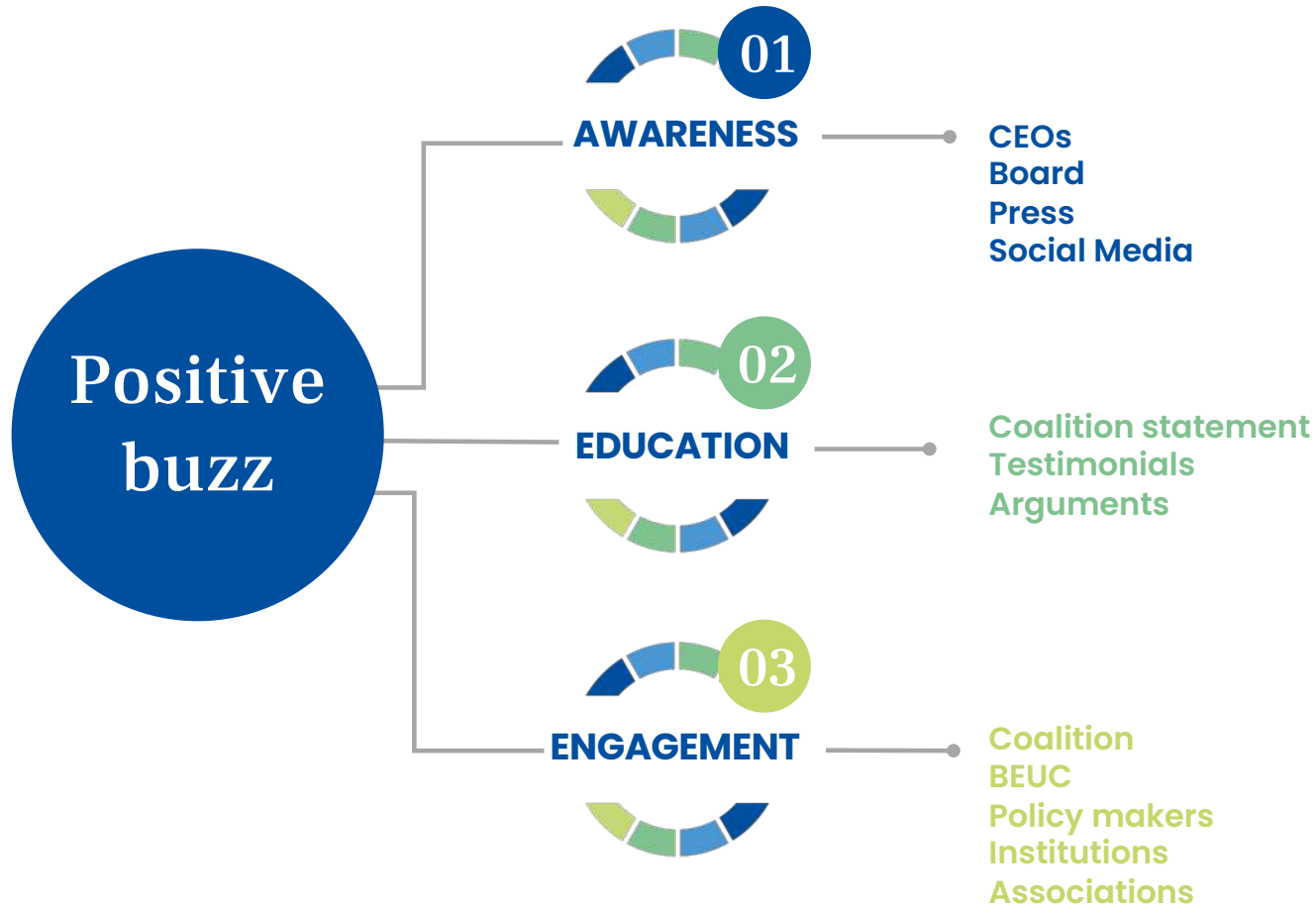
# Surcharging ban is actually bad for consumers and competition

	<b>Current surcharging ban</b> Consumer cards + SEPA CT/DD (Art 28.3) 15 MS apply complete ban (Art 28.4)	<b>No surcharging ban (= right to surcharge)</b> Allows more competition (see Bundeskartellamt paper), lower consumer prices and informs consumers of the fair cost/benefit of their choices	<b>Complete surcharging ban</b> Only works if all payment methods cost the same and are regulated Sends wrong signal
... Consumer	<b>EU citizens not used to surcharging/discounting</b> , however accept surcharges for e.g. transport, insurance, wrapping.	Better understand the cost of payments and adapt behaviour accordingly leading to <b>lower consumer prices, i.e more consumer protection and choice</b> . E.g. charging for plastic bags & Australia example.	Payment costs are <b>perceived as “free”</b> because they are invisible and this will lead to <b>higher consumer prices, i.e. less consumer protection and choice</b> .
... Merchant	Exposed to rising <b>uncapped</b> scheme fees (see chart) and <b>rising costs of non-regulated payments</b> . Can't afford to say 'no' to Mastercard/Visa cards.	Have the <b>right to use price</b> as a tool to <b>influence consumer behaviour</b> . Consumer that use expensive payment methods accept the consequences of their behaviour. <b>No cross-subsidising</b> .	Will include the rising cost of payments in sales prices to <b>ALL consumers</b> . <b>Cross-subsidising by consumers using cheap payment methods to consumers using expensive ones</b> .
... PSP/ Scheme	Only look at <b>level playing field between cards and non-card payments</b> , reducing merchant negotiation power.	<b>More competition on merchant fees</b> . <b>Blocks 'scheme rules'</b> that prohibit surcharging (e.g. Paypal/AmEx).	Have <b>no incentive</b> to keep cost of payments low. Can <b>charge whatever they want</b> . Increased fee flows to <b>outside the EU</b> .
<b>Conclusions</b>	<b>Same level of regulation including lack of harmonisation from 11 MS applying full ban.</b>	<b>Less regulation, more level playing field between PSP/Schemes, Merchants and Consumers. More MS harmonization.</b>	<b>More regulation, less level playing field as more power to the (non-EU) PSPs/Schemes. More MS harmonization.</b>

# Why merchants love d€ and instant payments



# Digital euro:



Digital Euro: Merchants support a fast, innovative, and low-cost pan-European payment method - EuroCommerce

# Mandatory acceptance of cash

We continue to accept cash, provided it's safe, practical and affordable to do so

01

## "No Cash" sign

Allowed, provided...

02

## Safety

Staff and consumers.

03

## Unmanned use cases

EV chargers  
Self service check-out  
Public transport

06

## Cost capping

Mandatory  
acceptance + no  
surcharging

05

## Customer preference

Member state flexibility  
to cater cultural  
differences

04

## Cross-border CIT

Remove barriers

- [Legal tender status of euro cash: merchants call for reasonable exemptions from mandatory acceptance - EuroCommerce](#)

# Takeaways

