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Consumers in 13 European Countries Reject EU-Proposed Cap on Bank Fees

65% Say it Would Make Using Bank Cards Worse for Consumers; 82% Believe Retailers Would Increase Profits But Not Pass Savings On to Consumers

Brussels—A new poll finds that a majority (65%) of citizens across 13 European countries believe a new rule that would create an inflexible cap on interchange rates across bank cards in the EU, currently being considered by European policymakers, would make using credit, debit and pre-paid cards worse for consumers.

Further, eight in ten (82%) believe with the cap in place retailers will either increase their own profits and not lower prices for consumers or increase profits and increase prices.

Only 17% indicate it would be fair for the EU Parliament to determine the fees and decide who pays across the EU and 13% would think it fair for national governments to determine the fees and decide who pays.

The poll, conducted by global research company Ipsos on behalf of MasterCard Worldwide arrives as European policymakers consider new legislation that would involve inflexible interchange rates across Europe and rules that would change how credit cards are used by consumers and accepted by retailers.

The poll surveyed 13,049 respondents online in January 2014 in 13 countries: Croatia, Czech Republic, Finland, France, Germany, Great Britain, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain and Sweden.

Inflexible cap on interchange fees…

Respondents were asked to consider a new rule that would create an inflexible cap on interchange rates for every debit or credit card transaction anywhere in the EU. Overall, a majority (65%) across all countries indicate this change would make using credit, debit and pre-paid cards worse for consumers (26% much worse, 40% somewhat worse) while 17% expect it would be better (3% much better, 14% somewhat better) and 18% are unsure.

In ranked order, those most likely to expect the rule would be worse for consumers are from Finland (76%), followed by Portugal (76%), France (73%), Great Britain (72%), Spain (69%), Netherlands (65%), Poland (65%), Czech Republic (64%), Sweden (64%), Italy (59%), Croatia (58%), Slovakia (56%) and Germany (55%).

Expected result of the new rules…

Consumers don't expect to see lower retail prices if the EU passes legislation that reduces interchange fees. A majority (82%) of respondents think retailers will increase their profits but not lower their prices as a result: 64% expect retailers will increase their profits but not lower their prices, 18% expect retailers will increase their profits and increase their prices. This compares to only 8% who believe retailers will lower their prices and pass their savings on to the consumer. One in ten (10%) does not know what the outcome could be.

Those most likely to expect the rule would make retailers increase profits and not lower prices, or increase profits and increase prices, in ranked order are from Slovakia (87%), followed by Sweden (86%), Great Britain (85%), Croatia (84%), France (84%), Germany (83%) Czech Republic (82%), Finland (82%), Portugal (81%), Netherlands (78%), Poland (78%), and Spain (77%), and Italy (73%).

Alternatively, small minorities in each country expect retailers will lower prices and pass their savings on to the consumer: Italy (16%), Portugal (13%), Spain (11%), Croatia (9%), Netherlands (9%), Great Britain (8%), Poland (8%), Czech Republic (7%), Finland (6%), Germany (6%), Slovakia (6%), France (5%) and Sweden (4%).

Expectations of fairness...

When asked what they feel is fair when it comes to interchange fees, three in ten (30%) believe retailers should absorb the fees as the cost of doing business; another three in ten (28%) believe things should stay the way they are with banks, retailers and technology companies negotiating costs and rates between themselves; two in ten feel technology companies running the payment card networks should not determine the fees (21%) and 'I don't care as long as I don't pay them' (21%).

Only 17% indicate it would be fair for the EU Parliament to determine the fees and decide who pays across the EU and 13% would think it fair for national governments to determine the fees and decide who pays.

One in ten say retailers should share the fees with the consumer as the cost of doing business (10%) and 2% believe retailers should pass the fees on to consumer.

Expectations of fairness range across the individual countries surveyed, though the belief that retailers should absorb the costs was rated by a plurality of those in half the countries surveyed: Slovakia (39%), Italy (37%), Great Britain (36%), Germany (33%), Finland (33%) and Croatia (28%).

Pluralities in five countries – Czech Republic (37%), Portugal (35%), Sweden (34%), Spain (30%) and Poland (30%) – indicate things should stay the way they are.

In both France and the Netherlands, a plurality (36%) say they don't care as long as they don't pay.

Other possible changes to EU bank cards…

Possible new rule: Retailers to decide which cards to accept

The survey also found that respondents across the 13 countries surveyed were especially critical of a new rule that would give retailers the right to decide which specific cards they will or will not accept even among cards carrying the same network logos (such as Visa or MasterCard).

Eight in ten (77%) say such a change would make using payment cards worse for consumers – 42% much worse, 34% somewhat worse with only one in ten (10%)

expecting it would be better – 2% much better, 8% somewhat better – for consumers while 13% are unsure.

Those with the strongest views that this rule would make things worse for consumers are, in ranked order, from Portugal (83%) followed by Great Britain (82%), France (80%) and Poland (80%), Spain (79%), Finland (77%), Czech Republic (76%) and Netherlands (76%), Slovakia (75%), Sweden (75%), Croatia (74%), Italy (71%) and Germany (69%).

Possible new rule: Cards to have encoded personal information

Similarly, seven in ten (68%) expect that banks being allowed to encode a person's personal bank account number onto their debit card so that the funds for debit transactions could come directly from the person's account rather than passing through a secure electronic payment network, such as those offered by Visa or MasterCard, will make it worse (39% much, 29% somewhat) for consumers, while 17% indicate it would make it better for consumers (3% much, 14% somewhat) leaving 15% unsure.

Those most likely to believe the change would make things worse are, in ranked order, Portugal (77%) followed by France (75%), Italy (73%), Great Britain (72%) Spain (72%), Netherlands (70%), Sweden (69%), Croatia (67%) Germany (67%), Finland (64%), Slovakia (61%), Czech Republic (59%) and Poland (58%).

Possible new rule: Cards to have multiple network logos

Further, a new rule would allow banks to offer credit and debit cards with multiple payment network logos on the same card – such as Visa, MasterCard or other domestic networks. Retailers and consumers could choose which network they want to use for the transaction. Six in ten (60%) expect that this new rule allowing multiple networks on one card would be worse for consumers – 27% much worse, 33% somewhat worse. Only a minority (22%) think it would be better for consumers – 4% much better, 18% somewhat better – and 18% are unsure.

Those most likely to believe the change would make things worse for consumers, in ranked order, are from Portugal (67%) followed by France (66%), Finland (64%), Great Britain (63%) Spain (63%), Poland (60%), Slovakia (60%), Croatia (59%), Czech Republic (57%), Sweden (57%), Italy (54%), Germany (52%), Netherlands (52%).

Possible new rule: Fee caps on some networks, not others

Finally, a majority (55%) across all countries surveyed expects a new rule that would enable the EU to impose inflexible interchange caps on some electronic payment networks such as Visa and MasterCard, but not on others such as American Express, PayPal and other networks to be worse for consumers (21% much, 34% somewhat) while 18% expect it to be better (3% much, 15% somewhat) and one quarter (26%) are unsure.

Those from Great Britain (65%), Finland (62%), France (58%) and Portugal (58%) are most likely to expect the rule would make things worse for consumers followed by Czech Republic (57%), Netherlands (56%), Slovakia (56%), Spain (56%), Poland (55%), Croatia (52%), Sweden (50%), Germany (49%) and Italy (48%).

Methodology

These are findings of research conducted by global research company Ipsos on behalf of MasterCard Worldwide. The research was conducted via the Ipsos Online Panel on among adults aged 18+ with the following field dates and sample sizes in each country. The precision of Ipsos online polls are calculated using a credibility interval. In this case, a poll of 1,000 is accurate to +/- 3.5 percentage points.

Country	**Field Start**	**Field Close**	**Sample size**
Croatia	27-Jan	29-Jan	n=1,006
Czech Republic	24-Jan	28-Jan	n=1,002
Finland	24-Jan	28-Jan	n=1,007
France	23-Jan	27-Jan	n=1,000
Germany	23-Jan	27-Jan	n=1,000
Great Britain	17-Jan	21-Jan	n=1,007
Italy	24-Jan	28-Jan	n=1,001
Netherlands	24-Jan	28-Jan	n=1,003
Poland	24-Jan	28-Jan	n=1,004
Portugal	24-Jan	28-Jan	n=1,002
Slovakia	26-Jan	28-Jan	n=1,002
Spain	26-Jan	28-Jan	n=1,007
Sweden	24-Jan	28-Jan	n=1,008

Respondents were provided with background on the issue of interchange rates. All of the preamble, specific questions and response options are posted along with these results. Currently, when a retailer decides they want to let customers pay with credit, debit, or pre-paid cards, they negotiate an agreement with a bank to process those payments. The retailer's bank is responsible for getting the funds from the customer's bank and they use the technology of electronic payment networks to request, authorize and transfer funds. Retailer's banks share some of the costs of the secure networks by paying the customer's bank an interchange fee as part of the transaction. Interchange helps pay for the secure network, fraud protection, purchase guarantees, value retailers receive from accepting cards, ongoing innovations and customer service. The companies that develop and maintain the technology of the networks set the default interchange rates for using their systems. The European Commission is considering several new rules related to credit, debit, and pre-paid cards. Any new rules will change the system for retailers, banks and consumers. In this survey, several of these possible rule changes were described and respondents were asked how it will affect them as a consumer.

About Ipsos

Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. In October 2011 Ipsos completed the acquisition of Synovate. The combination forms the world's third largest market research company. With offices in 85 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management. Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media and they measure public opinion around the globe. Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,789 billion (2.300 billion USD) in 2012. Visit www.ipsos.com to learn more about Ipsos' offerings and capabilities.

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