



Card-payment network competition 'reduces eurozone's grey economy' - Eric Grover, Intrepid Ventures

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Sir,

Concerning [Polish watchdog gets tough on credit-card fees](#), the Polish Competition Authority's (UOKiK) elimination of MasterCard's and Visa's interchange in Poland will put a huge damper on card-transaction growth there, and potentially sets a dangerous precedent for the eurozone.

European payment network markets need competition and separation from banks, not more regulation. Interchange pays card issuers and fuels benefits and lower cardholder fees encouraging use in lieu of cash. Eliminating it inhibits Polish MasterCard and Visa issuance and transaction growth and makes their products less attractive compared with cash.

Competition authorities' problem is not interchange per se but rather that it is controlled by a bank consortium. As UOKiK head Cezary Banasinski's said: "We do not question the level of the fees but the fact that they are the result of an agreement among banks and the market is not free here."

Visa EU is and will remain a not-for-profit bank association and therefore deservedly subject to interchange regulation. MasterCard is another story. Outside Europe it's a commercial enterprise no longer controlled by banks. While interchange is set by management, the UOKiK rightly believes that MasterCard and interchange in Poland is de facto controlled by banks.

'Across the Pond' the card-payment network market is evolving rather differently and competition is intensifying. All major card-payment networks (many more than in Europe) will imminently be for-profit and independent of banks.

More card-payment network competition would result in higher interchange, more card payments instead of cash, and a reduction in the eurozone's enormous grey economy.
Eric Grover

Intrepid Ventures
Menlo Park, US

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