

The Amount of Interchange Fee in Latvia reduces for 4 Million Euros after Banks Avert a Competition Law Infringement

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The Competition Council (CC) of Latvia has concluded a sector inquiry into the market of payment cards. The main conclusion of the inquiry is that the amount of interchange fee in Latvia has reduced for 4 million Euros after the CC took a decision to fine banks for a prohibited agreement.

In 2011, the CC [imposed a fine to 22 Latvian commercial banks](#) for fixing multilateral interchange fees for a period of at least eight years and not reducing the fee in accordance with the real market situation. The market inquiry shows that after the decision of the CC the largest commercial banks of Latvia have concluded bilateral agreements. That is, during the market inquiry, bilateral interchange fees were applied to 89% of the payments.

As interchange fee rates during the analysed period which is from 2011 until 2014, have been lower than those that were applied under the guise of the Multilateral agreement, the CC calculated possible benefits from averting the infringement. The competition authority concluded – the total amount of interchange fee up to year 2014 was for four million Euros less than it would have been in case of the implementation of the illegal multilateral agreement.

Those banks that have not concluded bilateral agreements, apply the fee set by card associations VISA and MasterCard. Thus, multilateral interchange fee was applied to 11% of the payments.

From 2011 until 2014, the banks have boosted the number of issued MasterCard cards, while reducing the number of issued VISA cards. The largest banks by the number of issued cards in Latvia are AS Swedbank, AS SEB banka, and AS Citadele banka.

The sector inquiry was initiated by the CC to assess the situation within the market of payment cards after the CC's decision in 2011, and before the new Interchange Fee Regulation of the European Parliament and the Council enters into the force.

Ms Skaidrīte Ābrama, the Chairwoman of the CC, said: "This infringement is a clear example of the harm done by a failure to comply with the competition law. Fixing the interchange fee and imitating the market situation for at least eight years, the banks have concluded with artificially high fees. We are greatly satisfied to prove within the market inquiry that operation in the environment of the real competition is beneficial for all."

For media inquiries

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