



Republic of Serbia
**COMMISSION FOR
PROTECTION OF COMPETITION**

25/IV Savska St., Belgrade
Number: 4/0-02-640/2018-13
Date: November 14, 2018

Pursuant to Article 58(3) of the Law on Protection of Competition (Official Gazette of the RS 51/2009 and 95/2013), the Commission for Protection of Competition publishes the following

NOTICE

of Filing of the Proposal of Commitments, which MasterCard payment organization is voluntarily willing to undertake in order to eliminate possible infringement of competition, with a call inviting all interested parties to submit commentaries, views and opinions in writing with reference to the commitments proposed.

The Commission for Protection of Competition (hereinafter, the Commission) has reasonably assumed that companies MasterCard Incorporated and MasterCard International Incorporated, with registered seats at the address 2000 Purchase Street, Purchase New York 10577, USA, and company MasterCard Europe S.A., with registered seat at the address Chaussee de Tervuren 198A, B-1410 Waterloo, Belgium (hereinafter, MasterCard payment organization), as a form of association of undertakings, set fallback multilateral interchange fees (hereinafter, MIF) in unduly high amount and obligate all MasterCard member banks to implement by default said fees in set amounts when providing payment card service within the MasterCard system. By setting the fallback MIF unduly high, MasterCard payment organization has exerted an influence on the increase of merchant service charge - a merchant bank fee paid for each payment card transaction, charged by banks to merchants for accepting a card for payment (hereinafter, merchant fee). The largest portion of merchant fees (approx. 60-70%) account for the MIF. The MIFs in the Republic of Serbia are currently several times higher than in the EU markets.

This further indicates that merchants accepting a card for payment pass on a part of the costs of merchant fee to consumers through higher retail prices, regardless of whether the payment is made by payment cards or in cash. Consequently, the competition on the card acquiring market in regard to merchant fees offered to merchants for the card acquiring service is restricted, with potential adverse influence on the state of competition on the card issuing market in the territory of the Republic of Serbia.

For the reasons set above, by way of the Decision 4/0-02-640/2018-1 of September 14, 2018 enacted by the Commission President, the Commission has instituted an *ex officio* proceedings against MasterCard payment organization in order to determine the existence of restrictive agreement from Article 10 of the Law on Protection of Competition (Official Gazette of the RS 51/2009 and 95/2013 – hereinafter, the Law).

The provision of Article 58(1) of the Law stipulates that the Commission may enact a conclusion on the suspension of investigation of competition infringement, if the party, based on the content of the conclusion on instituting proceedings, that is, facts established in the proceedings, submits a proposal of commitments that is voluntarily willing to undertake in order to eliminate possible infringement of competition, containing terms and conditions for taking the measure thereof.

On October 29, 2018, companies MasterCard Incorporated, MasterCard International Incorporated and MasterCard Europe S.A., as legal entities representing the MasterCard payment organization, have filed the Proposal of Commitments to be undertaken pursuant to the provision of Article 58 of the Law. On November 8, 2018, the Commission has received the Supplement to the Proposal of Commitments. The final Proposal of Commitments contains a plan stipulating that MasterCard payment organization would enact a new decision on MIF based on which the amount of MIF would be set to 0.2% for debit card transactions and 0.3% for credit card transactions as of December 17, 2018, and would submit to the Commission a proof thereof.

The Commission has established that the Proposal of Commitments is admissible, submitted in a timely manner and by a duly authorized person.

Pursuant to Article 58(3) of the Law, the Commission hereby publishes on its webpage the Notice of Filing of the Proposal of Commitments **in which is established that the MasterCard payment organization is voluntarily willing to undertake a commitment to amend the amount of MIFs in use and establish the MIFs in the amount of:**

- **0.2% of the value of a debit card transaction and 0.3% of the value of a credit card transaction, to be implemented as of December 17, 2018.**

On the basis of the above, all interested parties are hereby called to submit commentaries, views and opinions in writing with reference to the Proposal of Commitments submitted by MasterCard payment organization to the Commission, no later than 20 days from the date of publication of the Notice, to the following address: Commission for Protection of Competition, 25/IV Savska St., 11000 Belgrade.

The submission by way of which the commentaries, views and opinions are presented should contain a reference to the published Proposal of Commitments submitted by MasterCard payment organization.

By the same deadline, all commentaries, views and opinions can also be submitted electronically, to the following email address: office.kzk@kzk.gov.rs.

COUNCIL OF THE COMMISSION
FOR PROTECTION OF COMPETITION