



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

25/IV Savska St., Belgrade
Number: 4/0-02-760/2018-06
Date: December 3, 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 the Proposal of Commitments that the Visa 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 VISA Incorporated, VISA International Service Association, and VISA CEMEA Holdings Limited (hereinafter, Visa organization), as a form of association of undertakings, set fallback multilateral interchange fees (hereinafter, interchange fee) unduly high, which all Visa member banks implement in set amounts when providing every payment card service within the Visa system in the territory of the Republic of Serbia. By setting the fallback interchange fees unduly high, the Visa 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 bulk of merchant fees (approx. 60-70%) relates to interchange fees. The interchange fees 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 fees 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, based on the Decision 4/0-02-769/2018-1 of November 2, 2018, enacted by the Commission President, the Commission has instituted an *ex officio* proceedings against the Visa 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 November 28, 2018, companies VISA Incorporated, VISA International Service Association, and VISA CEMEA Holdings Limited have filed the Proposal of Commitments to be undertaken pursuant to the provision of Article 58 of the Law. The implementation of the proposed commitments will commence on December 17, 2018, and continue until the expiry of the validity of deviation stipulated in Article 14 of the Law on multilateral interchange fees and special operating rules for card-based payment transactions, and subsequently will be governed by the provisions of the said law. The Proposal of Commitments envisages a commitment of said companies to implement the maximum domestic fallback interchange fee in the amount of 0.2% for debit card transactions and 0.3% for credit card transactions, applied in national card-based payment transactions in the Republic of Serbia during the implementation period. Also, the companies have committed to inform the Commission on the adoption of any decision on the amounts of fallback interchange fees, including on the new amount of interchange fees relating to debit and credit card transactions, applied in national card-based payment transactions in the Republic of Serbia, no later than 15 days from the date of adoption of such decision(s) during the implementation period.

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 that the Visa organization is voluntarily willing to undertake:

- **implement the maximum domestic fallback interchange fee 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, applied in national card-based payment transactions in the Republic of Serbia**
- **during the implementation period commencing on December 17, 2018, and continuing until the expiry of the validity of deviation stipulated in Article 14 of the Law on multilateral interchange fees and special operating rules for card-based payment transactions, subsequently to be governed by the provisions of the said law.**

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 the Visa 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 in which commentaries, views and opinions are presented should contain a reference to the published Proposal of Commitments submitted by the Visa 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