



MINISTRY OF ECONOMIC AND BUSINESS AFFAIRS  
DENMARK

Commissioner Michael Barnier  
DG Internal Market and Services, Financial Institutions  
European Commission

**MINISTER FOR ECONOMIC  
AND BUSINESS AFFAIRS**

18 MRS. 2011

Dear Mr. Barnier

Since the Commission's letter of formal notice regarding charges for the use of international payment cards last summer we have worked to find a solution.

The Danish Government has chosen the so-called split solution, which will allow surcharging on both Danish and foreign issued credit cards, and prohibit surcharging on both Danish and foreign issued debit cards. The solution will also embrace the national retail cards, repealing the current prohibition on surcharging on these cards.

Furthermore, the existing caps on the fees for Danish issued international payment cards will be eliminated. Instead, the merchant service charges will be based on costs of acquiring Danish and foreign-issued international payment cards.

The split solution will be neutral to any technology. Hence, it will be the market participants who decide whether to surcharge or not and also, which technical solution is the most appropriate and efficient.

Both retailers and the central acquirer have confirmed that a full technical solution is possible to implement within 1-3 years. The technical challenges do not differ from other EU countries where merchants charge different fees according to the type of payment card. The full technical solution would mean that surcharge would be possible for all transactions in relation to credit cards.

The Commission have however expressed the view that a technical solution where the vast majority (e.g. 90 %) of the cards is identifiable is also acceptable. With this solution cards that are not identifiable will not be allowed surcharge. This solution is even quicker to implement but as mentioned above it will be the market participants who decide the technical solution.

I am convinced that the described solution will eliminate the discrimination issue and strengthen the competition among acquirers.

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The splitsolution and the elimination of the existing caps will be implemented by a change in the Ministerial Order on International Payment Cards. The changes will be implemented at the latest by 1 July 2011. Repealing of the prohibition on surcharge for retail cards will require a change in the Payment Services Act. The change in the Payment Services Act will be introduced in the coming Parliamentary session starting October 2011.

Yours sincerely



Brian Mikkelsen