

COFECE investigates possible barriers to competition and/or essential inputs in card payment systems

- *COFECE's Investigative Authority has elements to presume lack of effective competition conditions in the card payment system market due to the potential existence of barriers to competition or essential inputs.*
- *Clearinghouses' rates, quotas and protocols for card payment processing in the purchase of goods and services are under investigation.*
- *According to Banco de México (the Central Bank), in 2017, payments made with cards at businesses totaled 1.7 billion pesos.*

Mexico City, October 26, 2018.- Today, the Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published on its website, and in the Federal Official Gazette (DOF), the extract of the agreement to initiate an investigation to determine the possible existence of barriers to competition as well as possible essential inputs in the market for payment systems that involve clearinghouses for debit or credit card payments.

The extract of the agreement to initiate investigation IEBC-005-2018 stipulates there are sufficient elements to presume the lack of effective competition conditions in said market due to the possible existence of barriers to competition and/or essential inputs. Should a competition problem in the investigated markets exist, financial inclusion and *bankization* would be affected, which would diminish the country's potential growth.

The probe comprises the rates, quotas and protocols carried out by clearinghouses to process card payments for the purchase of goods and services. According to *Banco de México*, in 2017, card payments to businesses amounted to 1.7 billion pesos.¹

¹ It includes the transactions carried out at point of sales terminals. Data from Banco de México, available in Spanish at: <http://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?sector=21&accion=consultarCuadro&idCuadro=CF268&ocale=es>



Any structural characteristic of a market is considered a barrier to competition, as well as any economic agent's act or event that has the purpose or effect of hindering market access, limiting their capacity to compete or to distort the competition process. Legal provisions that any governmental body that unduly hinder or distort said process, are also considered barriers to competition.

Conversely, an essential input is an element or group of elements that are not substitutable and indispensable for the production or provision of goods and services.

The *Federal Economic Competition Law (FECL)* stipulates that once the procedures for this type of investigation have been carried out, and if there are sufficient elements to determine the existence of barriers to competition, COFECE's Board of Commissioners may, as the case may require: i) order that the corresponding economic agent eliminate the barriers that unduly affect competition and free market access, and ii) issue recommendations for public authorities when legal provisions hinder or distort competition and free market access. The Board of Commissioner may define guidelines to regulate access to essential inputs.

COFECE may also determine the divestment of assets, rights, shares or equity interests of the investigated economic agent, in the necessary proportions, to eliminate anticompetitive effects, when other corrective measures are insufficient to resolve the identified competition problem.

The Investigative Authority's investigation period is between 30 and 120 business days, from the date the extract is published, which may be extended twice.

See in Spanish [*How and why should barriers to competition be eliminated?*](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a "level playing field" for companies.

