

Cofece-036-2022

## Cofece investigates the services related to credit card transactions in the modality of deferred payments in interest-free monthly installments

- *The Investigative Authority has indications of the possible realization of absolute monopolistic practices, specifically price fixing, supply restriction and exchange of information in these services.*

**Mexico City, October 27, 2022.-** The Investigative Authority of the Federal Economic Competition Commission (Cofece or Commission) published today , on its website and in the Federal Official Gazette the notice of initiation of an *ex officio* investigation, for the possible realization of absolute monopolistic practices in the market for services related to credit card (CC) transactions in the modality of deferred payments in interest-free monthly installments (MSI, per its initials in Spanish) in the national territory.

A CC is a product offered to a user (cardholder) by a financial institution through which they can make payments for products and services using a line of credit; payments for such purchases can be made on the next CC Statement closing date, or payments can be deferred to MSI (usually 6, 12, 18 or 24 months).

In order to carry out such transactions, there must be payments systems that allow it, physical stores with point-of-sale or virtual terminals that offer the option of making purchases under this modality, financial institutions that offer credit lines and an associated card, clearing and settlement services, among others that make MSI purchases possible. It is important to mention that the investigation does not cover cardholders, but only the economic agents that are participating in the investigated market.

The absolute monopolistic practices object of this investigation are those prohibited in Article 53, sections I, II and V of the Federal Economic Competition Law (LFCE, per its initials in Spanish), as well as those established in sections I and II of Article 9 of the former Economic Competition Law. These conducts are based on fixing prices, establishing mechanisms to restrict the supply in the investigated market, as well as the exchange of strategic information that could cause any of the two mentioned scenarios.

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It is important to mention that, according to the 2022-2025 Strategic Plan, the financial sector is a priority for Cofece, given that the services offered are essential to carry out multiple economic activities, such as purchases with CC in MSI. In addition, this sector accounted for 5% of the country's Gross Domestic Product<sup>1</sup> in 2022.

This investigation, identified with file number IO-002-2022, shall not be understood as a prejudgment on the responsibility of any economic agent, since so far no violations to the regulation on economic competition have been identified, nor the subject(s) who, if applicable, would be considered as probable responsible at the end of this investigation

The timeframe for this inquiry is up to 120 business days, counted from April 29, 2022, date of initiation of the investigation, which may be extended for an equal term up to four times. If at the end of the investigation no elements are found that presume the realization of said anticompetitive practice, the Board of Commissioners could resolve its closure. In case there are grounds that presume an infringement of the Law, those who result probable responsible will be called to a trial-like procedure to present their defense.

In accordance with the LFCE, if an absolute monopolistic practice is proved, economic agents could be fined with up to 10% of their income. Also, those who have collaborated, facilitated or induced the realization of these practices could be financially sanctioned. Natural persons that could have participated in the celebration, execution or the ordering of this type of agreements between competitors, could be sanctioned with prison for up to 10 years in accordance with the Federal Criminal Code. Nonetheless, it is important to mention that those who have participated in this type of conducts, can adhere to the benefits of the Immunity and Reduction of Sanctions Program offered by the Commission.

### **Extract of the initiation of investigation agreement**

#### **What is an absolute monopolistic practice?** (in Spanish)

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<sup>1</sup> Data extracted from the 2022-2025 Strategic Plan, p. 31, available in Spanish at [https://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025\\_VF.pdf](https://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025_VF.pdf).



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## Learn about the Immunity Program

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*The Federal Economic Competition Commission safeguards competition and free market access.*

*Through its work, it seeks better conditions for consumers, that more services  
are supplied with higher quality and that there is a “level-playing-field” for companies*



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