CFIG FCEI
CANADIAN FEDERATION OF INDEPENDENT GROCERS · FÉDÉRATION CANADIENNE DES ÉPICIERS INDÉPENDANTS
105 GORDON BAKER ROAD, SUITE 401, TORONTO, ON M2H 3P8

February 8th, 2021

Ms. Judith Robertson,
Commissioner, Financial Consumer Agency of Canada
427 Laurier Ave. W.,
Ottawa
Sent by e-mail: Judith.robertson@fcac-acfc.gc.ca

Dear Ms. Robertson:

I am writing to you in reference to the issue that the Canadian Federation of Independent Grocers (CFIG) has raised with both Ministers Freeland and Ng, regarding the significant changes to the payments landscape resulting from COVID-19. I have attached a copy of the letter that I sent to the two Ministers last week.

CFIG has now received confirmation of the assertion by Mastercard last week, in the Financial Post, (link to article attached), that as a result of concerns being brought forward, Mastercard will be lowering their rates for on-line and card not present transactions. We understand the intention is to do so by 5%, effective in August.

Of course, this response does not address the other concerns that have been raised in our communication to the government. However, I realize those matters do not fall under the purview of the FCAC. Notwithstanding, we are dismayed not only at the percentage of the Mastercard reduction, but with the timeframe for implementation. Mastercard is apparently seeking refuge under Section 2 of the *Code of Conduct for the Credit and Debit Card Industry in Canada*, which governs the elements pertaining to changes in fees and/or notices for structural changes, as the rationale for a **180 day delay** in reducing their fees.

It is the view of CFIG, that the intent, if not the wording, of this particular section of the Code is being creatively interpreted by Mastercard. When Section 2 and 3 were written, it was with the objective to ensure that when fees changed, there would be adequate time for notice of such. Section 2 clearly states that merchants will receive a minimum of 90 days notice of any fee increases or a reduction in applicable interchange rates. While it does indicate a 180 timeframe for notice to acquirers for structural changes, I would not characterize a 5% reduction as such a change. A 5% reduction is hardly meaningful, but it's a fee reduction—period.

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I would also point out that early in 2020, during the initial stages of the coronavirus pandemic, due to concerns being raised at handling cash, on the part of both consumers and employees, we were in communication with both the credit card companies and acquirers with respect to the proposal to *double* the limits for contactless payment transactions. Due to the context in which this proposal was being made, CFIG supported this change. It bears noting that this change was put in place very quickly by the industry and curiously, there was no suggestion of a 180 day delay in implementation.

I would again want to emphasize that it was in the spirit of being in this together and working for what is in the best interests of Canadians, that CFIG supported the structural increase in contactless payment thresholds, notwithstanding that higher thresholds for contactless payments would be at the expense of our members and the merchant community in general. Unfortunately, as we are still in the midst of a pandemic, with the resulting changes that have dramatically altered the payments landscape, that same spirit is not being demonstrated by others.

On behalf of CFIG, I would ask that The FCAC intercede with Mastercard so that their planned fee reduction for on-line transactions, can be facilitated in the timeframe similar to that which was realized for the increase in payment thresholds for contactless transactions. At the very least, I see no reason for a delay beyond the requisite 90 day notice. I would expect all other merchant associations would be in agreement with this perspective.

Thank you for your consideration.

Sincerely,

Gary Sands
Senior Vice President

c. Julie Trepanier