

Mexican antitrust regulator probes market for card payment systems

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Mexico’s competition enforcer is investigating the card payment systems market for barriers to entry, which could end with the agency imposing remedies on the market.

In a statement issued on 26 October, Mexico’s Federal Economic Competition Commission (COFECE) said it will look at possible barriers to entry in the market, as well as the existence of essential inputs in the market for payment systems that involve clearinghouses for debit or credit card payments. The commission said its investigation will focus on clearinghouse rates, quotas and protocols, in relation to processing card payments for goods and services.

It also said the legal provisions of any government body that hinder or distort competition will also be considered as barriers to entry. The existence of any barriers to entry will undermine the potential growth of the banking system, the enforcer noted.

A spokesperson for COFECE said the probe arose from the agency’s monitoring of the market, where it found evidence suggesting a lack of competition. But at this point in the investigation, no determination has been made on the competitive conditions of the market and its investigation is not targeting specific players, the spokesperson said.

Clearinghouses “are important players in the market, however, the investigation scope is to study the market structure as well as the behaviour and interactions of every participant in the investigated market,” the spokesperson added.

Clearinghouses charge a fee to facilitate the exchange of payments, securities, or derivative transactions, and to operate a credit card, a bank must be a member of a clearinghouse. Two clearinghouses currently operate in Mexico: Servicios Electrónicos Globales and Promoción y Operación.

The authority also said it intends to analyse if any essential inputs exist in the market. In 2014, Mexico [amended](#) its antitrust laws to enable COFECE to force companies to give competitors access to essential inputs.

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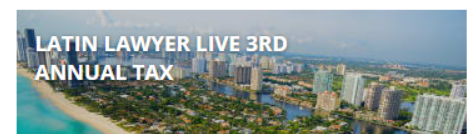
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At the end of its investigation, the enforcer can impose remedies – or recommendations, in the case of public authorities – on the market to eliminate the anticompetitive conduct. It also can force the divestment of assets, rights or shares to remedy anticompetitive conduct.

The investigation can last 30 to 120 working days, and can be extended twice if necessary. COFECE also can use its powers to engage in dawn raids and request information during the investigation, as well as asking individuals to appear before the authority for questioning.

Fernando Carreño, a partner at [Von Wobeser y Sierra SC](#) in Mexico City, said COFECE has been focused on the financial market and banking sector for some time. This is the third investigation into this particular market and it is clear that banking and finance sectors are among the authority's top priorities, he said.

Though the targets of the investigation remain confidential, considering the market being investigated, the major banks as well as clearinghouses and other major financial institutions “should follow this investigation carefully”, Carreño said.

Luis Omar Guerrero Rodríguez at [Hogan Lovells \(Mexico\)](#) said that the new investigation sends a message that COFECE will launch investigations into sectors it has identified as key to the Mexican economy, which include agribusiness, pharmaceutical, energy and finance.

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