

e-Competitions

Antitrust Case Laws e-Bulletin

Preview

The Turkish Competition Authority investigates two global payment technology companies for exclusionary practices in the card scheme and digital wallet services markets

ANTICOMPETITIVE PRACTICES, DOMINANCE (NOTION), INVESTIGATIONS / INQUIRIES, PREDATORY PRICING, FINANCIAL SERVICES, EXCLUSIVITY CLAUSE, TURKEY, ANTICOMPETITIVE OBJECT / EFFECT

Turkish Competition Authority, *Visa / Mastercard*, Press release, 21 November 2024

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e-Competitions News Issue Preview

The Turkish Competition Authority investigates Visa and Mastercard for exclusionary practices in the card scheme and digital wallet services markets

The Turkish Competition Authority (Rekabet Kurumu, “TCA”) has launched an investigation into Visa and Mastercard to determine whether the companies have engaged in exclusionary practices that restrict competition in Turkey’s card scheme services and digital wallet services markets.

The Investigation

Visa and Mastercard are two leading global payment technology companies that provide services enabling electronic payments and financial transactions. In Turkey, these firms operate in the markets for card schemes—providing the underlying frameworks for card-based transactions—and digital wallet services.

The TCA’s investigation focuses on two distinct relevant markets:

Card Scheme Services Market

The TCA will examine whether Visa and Mastercard’s discount and incentive systems offered to card-issuing banks create de facto exclusivity. Specifically, the inquiry will assess whether these practices, individually or cumulatively,

foreclose competitors from accessing the market by giving companies an unfair advantage in their vertical relationships with banks.

Digital Wallet Services Market

The TCA also investigates allegations that Mastercard has abused its dominant position by engaging in predatory pricing, potentially undermining competitors' ability to compete effectively. Additionally, Visa's practice of imposing non-competition obligations on merchants—prohibiting them from using competing service providers—will be scrutinised for its potential anti-competitive effects.

Possible Outcome and Timeline

While the TCA typically concludes investigations within 18 months, the complexity of this case may necessitate a longer timeframe. The outcome could lead to financial penalties or remedies, including prohibitions on certain practices or commitments from the investigated parties to ensure open competition in the affected markets. Parties may also choose to settle with the TCA for a reduction in fines.

Commentary

Although the EU is debating draft guidelines introducing a presumption-based approach, the TCA will likely evaluate this case under its existing 2014 Guidelines on the Assessment of Exclusionary Abusive Conduct by Dominant Undertakings. (<https://www.rekabet.gov.tr/Dosya/guidelines/12-pdf>). This suggests that the investigation will focus on the actual effects of the alleged behaviours of both firms in the relevant markets. Due to the unique characteristics of the fintech market, the conduct of this investigation will require industry expertise. The TCA's decision, if it includes behavioural measures, could have a transformative impact on the structure of the industry, which is very open to innovation. A new "fintech ecosystem" is taking shape in the relevant markets under review, and public intervention may influence the future of this ecosystem as much as technological development.

Background

The two credit card schemes are likely to have been complained about by competitors or vertically related banks or merchants.