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Bank & Business Groups Agree To Fund Study On Impact Of Credit Card Charges

by Carlos Navarro
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On June 22, Mexican bankers and leaders of business groups reached an agreement to hire a consulting firm to study the effect of bank commissions on restaurants and retail outlets (for previous coverage see SourceMex, 06/02/93 and 06/09/93). The study will be conducted by the Mexico City office of the Andersen Consulting company. The parties that signed the agreement were the Mexican Bank Association (Asociacion Mexicana de Bancos, AMB) and a handful of umbrella organizations representing a variety of business groups. The organizations include the Confederation of Industrial Chambers (Confederacion de Camaras Industriales, CONCAMIN), the Confederation of National Chambers of Commerce (Confederacion de Camaras Nacionales de Comercio, CONCANACO), as well as restaurant and commerce chambers in Mexico City. In a press conference announcing the agreement, Nicolas Madajur Camara, president of the Business Coordinating Council (Consejo Coordinador Empresarial, CCE), suggested that the bankers do not necessarily have the answer to the problem, which is rooted in Mexico's recent economic downturn. For his part, AMB president Ricardo Guajardo Touche denied the allegation that banks are making "excessive profits" from credit card transactions. In fact, he described credit card processing as a "complex, costly and very risky" operation. It is estimated that the study, which is scheduled for completion by the end of July, will cost about US$50,000. Guajardo said the organizations agreed to meet again upon completion of the study in order to decide whether credit card commissions will be reduced or left at current levels. The most vocal protests against the high commissions had come from the restaurants. Restaurant owners had threatened to stop accepting credit cards for payment as part of a nationwide boycott, set to begin on July 1. Restaurants in some areas had already ceased to accept credit cards, even before the scheduled boycott (for more details see SourceMex, 06/02/93). However, Antonio Alvarez Caballero, president of the National Restaurant Industry Chamber (Camara Nacional de la Industria Restaurantera, CANIRAC), said the agreement for conducting the study was reached in time to prevent the boycott. According to CANIRAC, Mexican banks charge 4.8% in commissions on credit card transactions, compared with 2% to 3.5% in the US. (Sources: La Jornada, 06/23/93; Notimex, 06/30/93; El Financiero International, 07/04/93)

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