

Argentine banks agree to sell Visa card issuer

Charles McConnell 05 October 2017



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Argentina's antitrust enforcer has accepted a divestment proposal from 14 banks that own the only company authorised to issue Visa cards in the country, resolving abuse of dominance concerns.

In August 2016, the National Commission for the Defence of Competition said that a high level of concentration in the country's credit card market had delayed the introduction of electronic payment methods. The findings prompted the commission to ask the country's trade minister for permission to open an investigation.

Prisma, which is currently owned by 14 banks operating in Argentina, is the only company allowed to issue Visa cards in the country. The commission last year found that it dominates ATM networks and the online payments sector, leading to barriers to entry for new rivals.

On 27 September, the National Commission for the Defence of Competition said it accepted divestment remedies to resolve behavioural concerns, for the first time in the country's history. Prisma's shareholders have agreed to sell their stakes in full. The details of the sale have yet to be confirmed but it means no more than one bank will be allowed to own shares in the company.

Prisma is also not allowed to market any other brand of credit cards until there is a competitor that markets the Visa brand, and the company must provide its services to potential rivals in a non-discriminatory way, the commission said.

"In turn, the commitment obligates Prisma to discontinue its immediate transfer service, which will allow that service to be provided by an independent provider that ensures that alternative means of payment and competitors can be developed in a non-discriminatory manner," the commission added in a statement.

The commission said the remedy cures the vertical integration issues between Prisma and the banks and the concerns regarding the horizontal integration of the bank. It said the remedies will lead to new entry and increased competition in the credit card market, benefiting businesses, consumers and the economy.

The enforcer's president Esteban Greco praised the result, saying: "The case shows that in Argentina today there is a strong commitment to promote competition in markets important for trade development and economic growth."

Agustín Waisman, a partner at [Beccar Varela \(/ll250/firms/1135165/beccar-varela\)](#) and counsel to Visa in the case, said the commitment was a win-win.

On the one hand, Prisma settled the case and got a good agreement, he said; and on the other hand the commission avoided litigation, in which the result did not seem obvious based on the available facts in the case. Waismann said it was unclear whether the commission would have been able to prove an abuse of dominance in court.

Julián Peña at [Allende & Brea \(/ll250/firms/1131459/allende-brea\)](#) in Buenos Aires said the decision shows the commitment that the current government has toward competition law enforcement, noting that the investigation involved one of the most relevant payment processors and 14 of the biggest banks in Argentina.

"The decision not only will have a direct effect in the market, but it has already generated a greater awareness of the importance of antitrust compliance," Peña said.

Luis Barry at [Pérez Alati, Grondona, Benites, Arntsen & Martínez de Hoz \(h\) \(/ll250/firms/1130586/perez-alati-grondona-benites-arntsen-martinez-de-hoz-h\)](#) said the enforcer "in record time identified a prospective antitrust violation and obtained a solution aiming to solve its competition concerns."

An independent auditor, chosen by the CNDC, will verify compliance with the commitment.

Counsel to Visa

[Beccar Varela \(/ll250/firms/1135165/beccar-varela\)](#)

Partner Agustín Waisman

Practice area :

Antitrust & competition

Country :

Argentina

Industry :

Banking and Financial Services