



# **CONSULTATION ON GIFT VOUCHER FEES**

**JULY 2018**

## **Explanatory Note**

### **Closed Loop Gift Voucher**

This type of voucher can only be used to buy goods or services in the business which issued it.

### **Open Loop Gift Voucher**

This type of voucher can be used to buy goods or services from a number of different retailers and service providers. Examples of open loop gift vouchers are One4All and FromMe2You gift cards and gift cards redeemable in the outlets in a particular shopping centre.

### **Inactive Balance/Dormancy Fees**

Inactive balance or dormancy fees apply almost exclusively to open loop gift vouchers and usually commence after 12 months from the issue of the gift voucher. The fees charged range from €1.40 per month (FromMe2You), €1.45 per month (One4All) to the €3 per month charge which applies to most shopping centre gift cards. Dormancy fees are the most significant of the fees charged for gift vouchers in terms of their impact on the monetary value held in vouchers.

### **Issuance Fee**

The fee charged by some gift voucher providers for issuing a gift voucher.

### **Replacement Fee**

The fee charged by some gift voucher providers for replacing a lost or stolen voucher.

### **Deadline for Consultation:**

Responses to the consultation should be sent by Friday 31st August 2018 by e-mail to [conspol@djei.ie](mailto:conspol@djei.ie) or by post to Competition and Consumer Policy Section, Department of Business, Enterprise and Innovation, Earlsfort Centre, Lower Hatch Street, Dublin 2.

## **PART 1 QUESTIONS FOR CONSUMERS**

## Dormancy fees

### Question 1

Have you ever purchased or received a gift voucher which you subsequently discovered had a reduced value when you went to use it due to dormancy fees being applied?

Yes

No

### Question 2

If you answered yes to Question 1, please give details of the type of voucher purchased or received.

### Question 3

If you purchased a voucher usable in a wide range of retailers and service providers, or in a particular shopping centre, to which a dormancy fee applied were you informed about this fee before completing the purchase?

Yes

No

**Question 4**

If you were not informed about the dormancy fee before purchasing the gift voucher, would knowledge of these fees have led you to decide not to purchase the voucher?

Yes

No

**Question 5**

Do the additional protections and other advantages that apply to regulated open loop gift vouchers justify the imposition of dormancy fees after 12 months?

Yes

No

**Question 6**

If you answered yes to question 5, what level of monthly fee would you consider reasonable and proportionate?

Less than 50 cent,

50-99 cent,

€1.00-€1.49

€2.00-€2.49

€2.49-€3.00

More than €3.00.

**Question 7**

If you answered yes to question 5, do you think that fees set on a percentage basis which would increase in line with the value of the voucher would be fairer than the flat rate fees that currently apply?

Yes

No

**Issuance and Replacement Fees****Question 8**

Do you consider that the fees of €2 to €2.50 currently applied by some electronic money gift card providers for the issue of gift vouchers are reasonable and proportionate?

Yes

No

**Question 9**

If you answered no to question 6, what issuance fee, if any, would you consider reasonable?

No fee

Less than 50 cent

50-99 cent

€1.00-1.49

€1.50-€2.00

**Question 10**

Do you consider that the fees of €5 to €8 applied by some gift voucher providers for the replacement of lost or stolen vouchers are reasonable and proportionate given that most gift card providers accept no responsibility for lost or stolen vouchers?

Yes

No

**Question 11**

If you answered no to question 8, what replacement fee, if any, would you consider reasonable?

No fee

Less than €1

€1.00-€2.00

€2.00-€3.00

€3.00-€4.00

€4.00-€5.00

## **PART 2 QUESTIONS FOR BUSINESSES**



## I QUESTIONS FOR GIFT VOUCHER ISSUERS WHICH APPLY FEES

### Question 1

What is the minimum and maximum monetary value that can be loaded on your gift voucher?

### Question 2

What proportion of gift vouchers purchased in the most recent year for which figures are available were in each of the following price bands?

Less than €25	<input type="text"/>
€25-49	<input type="text"/>
€50-99	<input type="text"/>
€100-€199	<input type="text"/>
€200-€499	<input type="text"/>
€500-€999	<input type="text"/>
€1,000 or more	<input type="text"/>
Information not available	<input type="text"/>

**Question 3**

What was the average amount for which vouchers were purchased in the most recent year for which figures are available?

**Question 4**

What proportion of gift vouchers issued in each of the following years had not been redeemed in full by the end of 2017?

	Per Cent
2012	<input type="text"/>
2013	<input type="text"/>
2014	<input type="text"/>
2015	<input type="text"/>
2016	<input type="text"/>
Information not available	<input type="text"/>

**Question 5**

Of vouchers issued in each of the following years that were not redeemed in full, what proportion were not redeemed at all and what proportion were redeemed in part

	Not redeemed	Part Redeemed
2012	<input type="text"/>	<input type="text"/>
2013	<input type="text"/>	<input type="text"/>
2014	<input type="text"/>	<input type="text"/>
2015	<input type="text"/>	<input type="text"/>
2016	<input type="text"/>	<input type="text"/>
Information not available	<input type="text"/>	<input type="text"/>

**Dormancy Fees**

**Question 6**

What is your current inactive balance or dormancy fee and when does it apply?

**Question 7**

What basis or criteria did you use in setting the dormancy fee?

**Question 8**

On average how long does it take vouchers unredeemed after 12 months to be fully used up by dormancy fees?

**Question 9**

Please indicate any changes in your dormancy fee in the period from 2008 to 2017, or where dormancy fees have applied for a shorter period, for the period concerned?

**Question 10**

If dormancy fees were increased over this period what were the reasons for the increase?

**Question 11**

What proportion of your total revenues from gift voucher sales have come from dormancy fees in each of the following years

	Per Cent
2013	<input type="text"/>
2014	<input type="text"/>
2015	<input type="text"/>
2016	<input type="text"/>
2017	<input type="text"/>
Information not available	<input type="text"/>

**Question 12**

What proportion of your current revenues from gift voucher sales do you estimate would be lost in each of the following scenarios?

	Per Cent
Current dormancy fee reduced by 10 per cent	<input type="text"/>
Current dormancy fee reduced by 25 per cent	<input type="text"/>
Current dormancy fee reduced by 50 per cent	<input type="text"/>
Current dormancy fee reduced by 75 per cent	<input type="text"/>
No dormancy fee permitted.	<input type="text"/>
Information not available	<input type="text"/>

**Question 13**

What alternative sources of revenue could be utilised to make up for a loss in revenue from dormancy fees?

**Question 14**

Have you considered applying dormancy fees on an ad valorem or percentage basis rather than a flat rate basis in view of the disproportionate impact of flat rate fees on lower value gift vouchers?

**Question 15**

What level of ad valorem or percentage dormancy fee would bring in the same revenue as your current flat-rate fee?

**Question 16**

Would a requirement to apply dormancy fees on an ad valorem or percentage basis give rise to other issues or difficulties. If so, please give details.

**Issuance and Redemption Fees****Question 17**

If you charge a fee for issuing a gift voucher, please indicate the amount of the fee.



**Question 18**

What basis or criteria did you use in setting the fee?

**Question 19**

What proportion of your total revenues from gift voucher sales in each of the following years have come from issuance fees?

	Per Cent
2013	<input type="text"/>
2014	<input type="text"/>
2015	<input type="text"/>
2016	<input type="text"/>
2017	<input type="text"/>
Information not available	<input type="text"/>

**Question 20**

What proportion of your current revenues from issuance fees do you estimate would be lost in each of the following scenarios?

	Per Cent
Current issuance fee reduced by 10 per cent	<input type="text"/>
Current issuance fee reduced by 25 per cent	<input type="text"/>
Current issuance fee reduced by 50 per cent	<input type="text"/>
Current issuance fee reduced by 75 per cent	<input type="text"/>
No issuance fee permitted.	<input type="text"/>
Information not available	<input type="text"/>

**Question 21**

What alternative sources of revenue could be utilised to make up for any loss in revenue from issuance fees?

**Question 22**

If you charge a fee for replacing a gift voucher, please indicate the amount of the fee.

**Question 23**

What basis or criteria did you use in setting the fee?

**Question 24**

If you also charge an issuance and your replacement fee is a multiple of the issuance fee, what is the reason for the differential between the fee for issuing an initial voucher and for issuing a replacement voucher?

## II QUESTIONS FOR GIFT CARD ISSUERS WHICH DO NOT APPLY FEES

### Question 25

What is the current expiry period on your gift vouchers?

Less than 1 year

1 year

2 years

3 years

4 years

5 -10 years

More than 10 years

No expiry date

**Question 26**

What proportion of the gift vouchers you issue are unredeemed in full before their expiry date?

**Question 27**

What proportion of the gift vouchers you issue are only partly redeemed before their expiry date?

**Question 28**

Do you give change in cash or in a credit note where the holder of a gift voucher purchases goods or services for less than the full value of the voucher?

Yes

No

**Question 29**

Have you ever considered charging fees for the issue of a gift voucher or for an inactive balance on a gift voucher?

Yes

No

**Question 30**

If you answered yes to question 1, why did you decide not to apply fees?

**Question 31**

What impact do you think that the introduction of a five-year expiry period will have on the level of redemption of gift vouchers?

- No impact
- Minor impact
- Significant impact
- Major impact

**Question 32**

When the proposed five-year minimum term for gift vouchers comes into effect, are you likely to do, or consider doing, any of the following:

	Yes	No
Stop issuing gift vouchers	<input type="checkbox"/>	<input type="checkbox"/>
Introduce an issuance fee	<input type="checkbox"/>	<input type="checkbox"/>
Introduce a dormancy fee	<input type="checkbox"/>	<input type="checkbox"/>
Introduce an issuance and a dormancy fee	<input type="checkbox"/>	<input type="checkbox"/>



### III QUESTION FOR GIFT VOUCHER ISSUERS ON IMPACT OF PROPOSED MINIMUM FIVE-YEAR TERM FOR GIFT VOUCHERS

#### Question 33

Please indicate any concerns that you have about the impact of the proposed five- year minimum term for gift vouchers on the gift vouchers offered by your business, and in particular the impact on specific types of gift voucher.