



HOUSE OF COMMONS

LONDON SW1A 0AA

Chris Hemsley
Managing Director
Payment Systems Regulator
12 Endeavour Square
London E20 1JN

4 June 2021

Dear Mr Hemsley,

We are deeply concerned about both the cost of card-acceptance and the persistence of fee increases faced by the UK's customer-facing businesses. We are writing to you ahead of your soon to be published PSR Strategy to appeal for the inclusion of robust measures to effectively tackle anti-competitive card fees which add to the cost of doing business and inflates the price of goods and services.

As you'll be aware, card payments accounted for almost 80% of retail spending in the UK prior to the pandemic which has gone significantly further to increase the UK's reliance on cards with more customers shopping online or paying by card in store. The increasing burden of card costs is therefore a growing concern for businesses already struggling with the twin costs of coronavirus and Brexit.

We have been made aware that card fee increases announced since 1st January this year will levy a further £60 million in card costs through a combination of scheme fees and opportunistic post-Brexit interchange fee increases from Visa and Mastercard. After years of scheme fee increases costing an additional £2.3 billion to UK merchants, we understand that average Merchant Service Charges are now higher in 2021 than prior to the implementation of the EU Interchange Fee Regulation in 2014.

Given the PSR's statutory duty to "ensure payment systems are operated in a way that promotes the interests of all the businesses and consumers that use them", we believe the above facts and figures should serve as mandate for decisive action by the PSR to use your existing powers to bring scheme fees within scope of the UK Interchange Fee Regulation.

Furthermore, following Supreme Court ruling last year that confirms Visa & Mastercard interchange fees are unlawful, it seems odd that these fees continue in the UK. I understand that under the Interchange Fee Regulation, the PSR has the power to effectively abolish card interchange fees by setting the national cap at zero.

I trust that the PSR Strategy will include appropriate measures to tackle these issues and ensure UK businesses and consumers are protected from excessive and ever-increasing card fees.

We look forward to your response.

Yours sincerely,



Sarah Olney MP
Liberal Democrat Spokesperson for Business, Energy and Industrial Strategy

Alistair Carmichael MP
Wendy Chamberlain MP
Daisy Cooper MP
Ed Davey MP
Tim Farron MP
Wera Hobhouse MP
Christine Jardine MP
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