



Treasury Committee

House of Commons, Committee Office, London SW1A 0AA

Tel 020 7219 5769 Email treascom@parliament.uk Website www.parliament.uk/treascom

Chris Hemsley
Managing Director
Payment Systems Regulator
Via email

25 January 2022

Card Payment Fees

Dear Chris,

Thank you for your letter of 17 December 2021.

In your letter you acknowledge that scheme fees have increased significantly between 2014 and 2018 and that there have been increases in interchange cross-border fees in recent months. In relation to cross-border interchange fees, you say that the PSR has “not seen evidence that shows that there have been significant changes in the costs” for card issuers, and that the PSR “may need to act to protect users until competition has had time to take effect”. You note that caps on fees might be appropriate as a shorter-term measure, and that while they would not be a “quick fix”, they could protect users in the intervening period while longer-term measures are developed and implemented.

The Committee looks forward to exploring these issues at the evidence session planned for 9 March. However, it would be helpful if, in the meantime, the PSR could answer the following questions:

- What are the obstacles to immediate action to cap scheme fees and cross-border interchange fees?
- How soon might the PSR be in a position to reduce the domestic interchange fees set by the UK Interchange Fee Regulation to alleviate the costs for businesses, if that was deemed necessary?

In line with its usual practice, the Committee intends to publish this letter, and in due course, your response.

Best wishes,

Rt Hon. Mel Stride MP
Chair, Treasury Select Committee