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By email: cards@psr.org.uk

Dear Sir / Madam,

Financial Services Consumer Panel response to PSR CP22/3: Consultation paper on provisional decision for card-acquiring market remedies

The Financial Services Consumer Panel is an independent statutory body. We represent the interests of individual and small business consumers in the development of policy and regulation of financial services in the UK.

The Panel welcomes the provisional remedies set out in the PSR's consultation. As stated in our initial consultation response¹, we believe that the combination of greater transparency, price comparison tools, nudges and the removal of barriers to switching could do much to promote competition in the acquiring market.

We are generally supportive of the proposals under consultation. However, we note PSR's decision that it will no longer pursue direct measures to encourage Digital Comparison Tools (DCTs) for merchants. In light of this, we recommend the PSR monitor whether any commercial DCT tools emerge organically and reconsider intervening if appropriate solutions do not develop.

We would also like to reiterate our earlier suggestion that PSR explore the Reserve Bank of Australia's exploratory work into the possibility of extending the Consumer Data Right (CDR) to acquiring services provided to small businesses. The CDR is currently being rolled out for consumer banking services in Australia, where it is known as Open Banking, and was specifically designed to address the types of market inefficiencies that are evident in the acquiring market. The RBA believes the CDR could make it easier for merchants to seek quotes from alternative payments service providers by allowing them to easily source and share their detailed card transaction data. Additionally, and over the longer term, it believes that third-party providers offering comparison (and possibly switching) services could also emerge, further reducing merchants' search and switching costs².

Finally, we encourage PSR to implement the specific directions without delay. As stated in our earlier feedback, we are disappointed by the amount of time that work to bring these remedies to market is taking, considering that the PSR first announced its review into card-acquiring services in mid-2018. As we write this response, the wider economic environment has worsened dramatically and will see consumers and smaller businesses

¹ See https://www.fs-cp.org.uk/sites/default/files/final_fscp_response_psr_consultation_on_card_acquiring_remedies.pdf

² See <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-paymentsregulation/consultation-paper-202105/pdf/review-of-retail-payments-regulation-consultation-paper202105.pdf>

significantly stretched in the coming months. Removing barriers to switching to better deals for card-acquiring services would provide welcome relief at a critical time both to merchants and, ultimately, consumers who ultimately bear the costs for such services. We therefore urge PSR to ensure it stays on track to finalise the remedies proposed by the end of the year at the latest, swiftly implementing specific directions thereafter.

Yours sincerely,

Helen Charlton
Chair, Financial Services Consumer Panel