

Rt Hon Andrew Griffith MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
United Kingdom

2 October 2022

Dear Mr Griffith,

We, the undersigned, write to congratulate you on your recent appointment and call for your support of the *Axe the Card Tax* - a campaign exposing a needless and hidden cost to business which launched today.

The *Axe the Card Tax* coalition represents over 240,000 businesses, from cafes to convenience stores, startups to supermarkets. This is a unique coalition that has come together because we believe that the Government and regulators need to take action against monopolistic firms exacerbating the cost of doing business crisis by charging an artificial tax on card payments.

Over two thirds of retail payments are now conducted on cards and card payments have become a ubiquitous presence across the economy. But the cost of accepting payment by card is threatening to become ruinously expensive for many businesses - especially as more and more retailers have been forced to move away from cash following the Covid pandemic.

Card scheme and processing fees in particular have increased by 600% in the last five years. When combined with card interchange fees, this represents a collective cost of £5bn a year to UK businesses.

Axe the Card Tax considers that the combination of card interchange fees and card scheme and processing fees charged by the major card schemes represent a Card Tax on almost every card payment made in the UK. This Card Tax piles pressure on already strained selling margins. It also creates an unlevel playing field in the payments sector, meaning that alternative lower-cost payment options cannot easily compete.

A competitive and well functioning payments market should be the bedrock of the UK economy, particularly whilst the economic headwinds eat away at razor thin business margins.

We therefore ask you to:

- 1. Monitor and support the work of the Treasury Select Committee and Payment Systems Regulator in addressing recent fee increases, resulting from the UK payments market being dominated by the major card schemes.**

- 2. Call for the acceleration of work to support alternative methods of payment. This includes safeguarding Open Banking payments under the new open banking governance framework, and expediting the regulation of Buy Now, Pay Later (BNPL) and stablecoins.**

We welcome the opportunity to share the stories of firms impacted by this issue, as well as the businesses pioneering alternative forms of payment, should you be interested in meeting with them.

We look forward to hearing from you.

Sincerely,
The Undersigned.

Dom Hallas, Executive Director, The Coalition for a Digital Economy



Martin McTague, National Chair, Federation of Small Businesses



Robin Osterley, Chief Executive, Charity Retail Association

Charity Retail Association®
The voice of charity retail

Tom Ironside, Director - Business and Regulation, British Retail Consortium



James Lowman, Chief Executive, Association of Convenience Stores

