

Rt Hon Mel Stride MP  
Chair, Treasury Select Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA  
United Kingdom

2 October 2022

Dear Mr Stride,

We, the undersigned, write to call for your support of the **Axe the Card Tax** campaign which launched today.

Against the backdrop of the energy and wider supply chain crises facing businesses in the UK, it is vital that regulators seek to understand ways in which the costs of doing business are being artificially inflated due to the fees involved in accepting payments. Over two thirds of retail payments are now conducted on the card networks dominated by Visa and Mastercard, with rapid growth following the Covid-19 pandemic). This means that card payments are now a ubiquitous presence across the whole economy.

As we're sure you now know, the fees associated with accepting card payments include 1) interchange fee, the fees set by the card scheme that go to the card issuers; 2) scheme and processing fees charged by the card networks themselves; and 3) the fees charged by card acquirers for their services.

The last of these fees has been subjected to much scrutiny by the Payment Systems Regulator (PSR) through its card acquiring market review, however, until recently, the first and second of these fees have received much less attention. This is despite the longstanding complaints from UK business that the cost of accepting card payments has been increasing dramatically (and despite regulation that is supposed to cap card acceptance costs).

It is therefore promising that this is set to change through the forthcoming PSR investigations into cross-border interchange fees and card scheme and processing fees.

We commend and endorse the Treasury Select Committee's commitment to supporting this work so far, and urge your continued diligent scrutiny of the work going forward.

The combination of card interchange fees and card scheme and processing fees represents a Card Tax on almost every card payment made in the UK. This Card Tax piles pressure on selling margins, already razor thin. It also creates an unlevel playing field in the payments sector, meaning that alternative lower-cost payment options cannot easily compete.

**The Axe the Card Tax campaign considers the card scheme and processing fees merit particular scrutiny as these have increased by 600% in the last five years.**

**We urge you to:**

- 1) Press the PSR to proceed with its reviews at pace and formally advance with both consultations in September 2022.**
- 2) Hold further evidence gathering sessions over the next three months with stakeholders directly impacted by the market dominance of the major card schemes, including retailers, card acquirers and alternative payment services firms who face significant barriers to entry to compete with the dominant card schemes.**

Combined, the Axe the Card Tax campaign coalition represents over 240,000 firms, from cafes to convenience stores, from startups to supermarkets. We believe that the Government and regulators should take action against firms profiteering from their monopolistic position in the payments market, exacerbating the cost of doing business crisis through placing an artificial Card Tax across the economy.

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

