PSR Card-Acquiring Market Review (CAMR) *Consultation on Remedies*

UK Finance Response

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UK Finance is the collective voice for the banking and finance industry.

Representing more than 300 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

Our response to the CAMR is made following detailed engagement with UK Finance's Payment Acceptance Policy Group, which includes major UK banks, long established international payment services providers and newer entrants to the market.

INTRODUCTION

UK Finance welcomes the opportunity to respond to the Card Acquiring Market Review interim remedies consultation, as part of ongoing engagement with the Payment Systems Regulator (PSR) on this topic. Payments are a fundamental part of the UK economy and ensuring businesses can accept payments from their customers, with ease and adequate protection from default risk, is important. As such, we welcome the PSR's consideration of payment acceptance in the UK, and we appreciate the transparency with which the PSR has engaged with the market recently, including attending meetings and hosting webinars.

Nonetheless, in this response we outline some serious concerns with the methodology used to undertake the market review and highlight the risk of unintended consequences of the remedies under consultation for the payment acceptance market, which could cause disruption and less optimal outcomes for end consumers. This response is necessarily high level in places, given some of the commercial sensitivities around pricing, and is intended to outline the main principles to support our members individual responses.

EXECUTIVE SUMMARY

Purpose of Card Acquirer Market Review

The PSR has three statutory objectives – to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them; to promote effective competition in the markets for payment systems and services; to promote the development of and innovation in payment systems. To further the second objective, the PSR has already undertaken a number of market reviews or investigations into UK payment systems and markets, and has sought remedies to address specific harms (such as improving access to interbank payment schemes).

The purpose of this market review, now running for nearly four years (against the PSR's expectation that market reviews will take approximately 12 months with a further six months to assess any proposed remedies) was to consider whether the supply of card acquiring services was functioning well for UK merchants, and ultimately consumers; and subsequently to recommend remedies to address any identified harms. We would urge caution against the PSR taking an overly prescriptive approach to addressing perceived harms in this market. We have seen in other instances that when regulation focuses on technical methods rather than customer outcomes, the result can be disruptive and costly to the market, without substantially addressing the underlying policy objectives, and can also risk the resilience of payment systems. (For example, the recent European Regulatory Technical Standards on Strong Customer Authentication, which required a three-year programme to implement and prevent serious failures in UK ecommerce.)

At a time of increasing economic uncertainty, there needs to be a heightened focus on ensuring any changes will be effective in addressing underlying concerns that have been identified during the review. It is paramount that the PSR demonstrates and provides evidence that any remedies undertaken will improve merchant and consumer outcomes.

The PSR has proposed four remedies. In the sections below we outline potential unintended consequences in pursuing all of these; and a suggested approach for PSR to consider instead. In summary, our position on each of the remedies is:

- **Summary boxes** – in principle these could help merchants switch, but the complexity of acquiring cannot be underestimated and any approach will require significant further work and customer testing;

- **Trigger messages** – in principle these could help merchants switch, but the PSR should focus on merchant outcomes and ensure the approach is proportionate;
- **Digital Comparison Tools (DCTs)** – these work better in 'single style' consumer markets, and any consideration of DCTs should come after assessment of the workability of summary boxes;
- **Point of Sale interoperability** - we do not believe this is feasible to implement, neither is it sufficiently linked to the contractual harms identified or proportionate as a remedy.

Concerns about the Card Acquirer Market Review

We have a number of specific concerns about how this market review has been undertaken and the current direction of travel:

- ***Evidence base and link from perceived harms to remedies****:* UK Finance has raised a number of concerns about the evidence base, including methodology, during the course of the market review and it is disappointing these have not been more fully addressed by the PSR. For example, the merchant survey not capturing merchants between £10m-50m range; the continued focus on face-to-face payments contrary to the substantial increase in ecommerce; the limited insights on the value merchants receive from their acquirers or the range of additional services offered; and the absence of any observations on the outcomes or views of consumers. Moreover, the PSR cites little evidence to link the harms identified, which are primarily contractual in nature, and the remedies, which are focused on comparison and technical interoperability.

- ***Narrow scope****:* It is understandable that the PSR has focused on a specific segment of the acceptance market – card payments – as it still underpins the majority of retail transactions. Nevertheless, the acceptance market is evolving at a rapid rate, both on payment 'rails' (e.g. emerging acceptance of open banking and cryptocurrency) and on products (e.g. soft Point of Sale terminals). Any prescriptive remedies for card payments present a three-fold risk:

    i. that onerous remedies on card rails will disadvantage market players in that segment compared to emerging payment acceptance;

    ii. that a technical remedy such as POS interoperability between card acceptance providers will be outdated by the time it is implemented and prevent further innovation, and will hinder interoperability with other payment acceptance types;

    iii. that POS terminal leases still remain predominantly face-to-face merchant focussed, and POS interoperability therefore fails to consider if a merchant has complex ecommerce or omni-channel integrations.

- ***Mis-categorisation of market****:* the types of remedy the PSR are considering are more commonly seen in business-to-consumer (B2C) markets. Acquiring is a business-to-business (B2B) market, with merchants – excepting perhaps the smallest merchants – demonstrating high levels of commercial sophistication. In addition, acquiring is not a simple commodity market like electricity, but a more complex, differentiated proposition, in part reflecting the fundamental underlying complexity of card payments. Providers compete not just on price but also on quality/functionality. These factors will complicate the application of the PSR's remedies such as summary boxes and DCTs, which focus on facilitating price comparison. Moreover, the significant risk of applying the wrong type of remedy to a complex market is commoditisation of that market (i.e. race-to-the-bottom pricing); which then undermines other valuable aspects of provision. This is particularly true in an evolving market, where different market segments and players are offering different levels of merchant benefit (for example, Buy-Now-Pay-Later has demonstrated significant benefits in customer acquisition and

retention, whereas traditional card acquiring offers robust protection against customer payment default or fraud).

- ***Blanket application***: the PSR has not given any indication on how potential remedies may vary in implementation between merchants of different sizes. The £0-£50m CTO banding captures a very wide range of merchant types, in terms of complexity of payment acceptance needs and commercial sophistication. A one-size-fits-all approach to all merchants within this threshold is not proportionate. In general, the PSR's remedies are likely only appropriate for merchants at the bottom end of this threshold. Moreover, on an individual basis firms might not be able to identify which merchants have less than £50 million in card turnover, for example multi acquired commercial arrangements, and thus fall within the scope of the remedies.

<u>Suggested improvements to Card Acquirer Market Review</u>

We suggest the PSR consider the following approach to development of remedies:

- ***Refocusing on outcomes-based remedies rather than prescriptive, technical remedies*.** We recognise that the direction of travel from the PSR seems to be greater prescription, but the PSR is likely to face a number of options as they develop their remedies between a principle vs. a prescription, and we would encourage the PSR to rather consider the former route.

- ***Cost Benefit Analysis.*** The PSR must undertake robust cost benefit analysis of its proposed remedies and the digital comparison tool ('DCT') feasibility study before the publication of any draft remedies, to demonstrate their appropriateness and establish a baseline for post-implementation review. We believe that this help reduce the risk of unintended consequences and guard against poor outcomes.

- ***Real-world trials, pilots and careful monitoring.*** The PSR and the industry has limited experience of designing remedies for the merchant community and has had only limited engagement with merchants (and the sector more widely) during the market review to date. Progressing trials will contribute greatly to the PSR's understanding of merchant circumstances and the outcomes they are looking for consistent with the Competition and Markets Authority's expectation that regulators should test and trial potential remedies before implementation where possible. We would also expect the PSR will consult with the industry as to how it intends to monitor and evaluate the remedies prior to its final remedies notice.

- ***Phasing of remedies and market-led solutions***. We strongly recommend that the PSR consider application of any remedies in a phased approach and concentrate on those remedies where industry alignment can be found and progressed upon. For example, the summary box remedy will not be straightforward to deliver in a complex, non-commodity type market, and it would be prudent to assess how well it has been implemented before considering development of DCTs, which will ultimately be based on the same information. We also agree that, if a DCT remedy were to be pursued, it should be market-led and not designed through prescriptive regulation. Finally, we would recommend working with the industry to find a suitable alternative contractual remedy that addresses the feature of concern that the PSR is seeking to address, rather than pursuing POS interoperability.

RESPONSE TO QUESTIONS

- **SUMMARY INFORMATION BOXES**

QUESTION 1: Do you agree that summary boxes would improve merchant ability to search and switch between acquirers?

There are versions of the summary box that may prove workable, and upon which industry could implement, but these will not be without their complexities; and may not have the intended policy outcome of increasing merchant switching. The PSR accepts that evidence on effectiveness of summary boxes is mixed[1]. In the original CAMR report[2] the PSR notes that a large percentage (45%) of small-to-medium merchants never search for providers.

Any summary box approach needs to take into account the following considerations:

- The ability to agree price points and terminology by which like-for-like comparisons can be made. Acquiring is a complex business and pricing models are largely driven and reflective of market conditions, with many non-pricing elements and services being offered that go far beyond 'acquiring' (e.g. Dynamic Currency Conversion (DCC), Fraud, Gateway Services).
- Given the time constraints of many business owners, it is likely that level of engagement that businesses will give to any form of comparison tool for acquiring services will be predicated on the simplicity of that tool. In assessing its options, the PSR should consider this as a critical guiding principle.
- Balancing the need for simplicity with the complexities that acquirers are statutorily required to adhere to (e.g. Article 9 – Interchange Fee Regulation[3]).
- Ensuring accuracy of the information to allow merchants to make informed decisions and avoid any uncertainty.

Overall, we believe there are some important practical questions on price and non-price points related to this remedy's definitions and design elements, which reiterates the importance of focusing on outcomes and testing and trialling different solutions. We also encourage the PSR to avoid prescriptive regulatory requirements and instead let the market compete for the needs of their customers and the best way to present pricing information in an adequate form to different merchants.

Finally, as we have said before the unintended consequences to any approach should be considered carefully, particularly for SMEs due to the time constraints they would have to increase engagement with their acquirers on a more regular basis than they currently do.

[1] The PSR's data indicates that upwards of 45% of merchant suggest nothing would make them more confident about switching provides measured against 23% who suggest access to more comparable pricing information and less than 10% suggesting more accessible information.

[2] https://www.psr.org.uk/media/vkbmjgny/psr-card-acquiring-market-review-merchant-survey-results-iff.pdf

[3] Regulation (EU) 2015/751 of the European Parliament and of the Council https://www.legislation.gov.uk/eur/2015/751/body

<u>QUESTION 2:</u> Do you think bespoke merchant summary boxes provided individually to merchants by their provider; and generic summary boxes provided to all customers and potential customers on provider websites, would both be helpful to improve merchant engagement?

There are differences of opinion as to the workings of a more bespoke merchant summary box, and what level of detail would be required; and, if indeed, this would be possible or desirable. A minority of members are supportive in principle of a more detailed set of pricing akin to what has been seen in other jurisdictions, such as the *Canadian Code of Practice*[4].

In consideration of this approach, recognition needs to be given on how acquirers bilaterally negotiate confidential pricing and contractual terms. Offers made by acquirers to their merchant customers tend to be uniquely priced for and constructed accordingly (i.e. blended rates, transaction based pricing, fixed based made as part of a subscription based model (with everything included)).

The notion of bespoke pricing boxes would require a significant degree of technical work to be produced for each merchant, making any direct comparison between providers difficult to achieve. Most merchants requesting bespoke pricing tend to be 'enterprise level merchants', who are sophisticated enough to understand both their pricing needs and market choices.

Following on from the point around accuracy of data, there will need to be consideration of the integrity of that data if it is provided to third party websites, including the management of the underpinning APIs).

<u>QUESTION 3:</u> Please provide views on information which should be included in summary boxes and how it should be presented to support like-for-like comparison of services by merchants. Respondents may include indicative mock summary boxes with their responses, in bespoke or generic formats or both.

Ultimately, this will be determinant on the extent of the scope, and the type of services that are agreed to (i.e. ecommerce / F2F/ international/ B2B); and, derivative on any future pricing matrix design. We suggest agreeing a list of recommendations that help set the parameters in how any future pricing matrix design should be configured, and if indeed, margin ranges are likely to prove acceptable to the PSR.

<u>QUESTION 4:</u> Which merchants would benefit most from the implementation of summary boxes? Should summary boxes be designed and targeted to support any particular group of merchants? Please provide evidence to support your response.

Merchant 'needs' differ both in size, operation and complexity. At best, any pricing matrix might be offered as a barometer/ illustrative guide in percentage terms (%) based on the associated services being defined for that particular merchant group or cohort.

The more pertinent question is how the demarcations in the CAMR approach to date have been made and the justifications for doing so. Any arbitrary separation in fitting merchant types (based on turnover thresholds) is not something that is particularly well recognised by acquirers. Indeed, the merchant survey as carried out as part of the Interim Report stage offered little practical insight around merchants operating in the range between the £10mn - £50mn threshold.

[4] https://www.canada.ca/en/financial-consumer-agency/services/industry/laws-regulations/credit-debit-code-conduct.html

Our understanding from one member's own exploratory findings of its member base indicated a much higher occurrence of customer loyalty rather than any desire to switch. For a certain size of merchant (i.e. above £20mn range), acquirers report that a more sophisticated set of demands are catered for, and the bespoke service provided by an acquirer and relationship built up over many years is of particular value. Such merchants are more focussed on attributes such as service provision and general functionality rather than solely on pricing differentials.

- **DIGITAL COMPARISON TOOLS (DCT)**

QUESTION 5: Please provide any comments you have on the potential for DCTs to help merchants search and switch between providers of card acquiring services where they want to. Please provide evidence to support your answer.

We do not agree that DCTs should be pursued as a remedy, and certainly not until the other remedies of summary boxes and trigger messages have been considered and properly trialled.

DCTs work better for 'single style' products operating in mass consumer markets (e.g. energy/ mobile telephony) rather than what is predominantly a B2B market. Acquiring is complex and the relationship is wholly unique between the acquirer and their chosen merchant, making it very difficult to achieve comparability by making that unique offer 'like-for-like'. It is based on a constantly evolving and dynamic relationship and brings in abstract factors such as risk mitigation tools, underwriting of liability and liquidity management that cannot be conveyed as part of a simplistic comparison. Creating DCTs in such a market would be a hugely complex undertaking.

The construct and effectiveness of any DCT is built around the simplicity of its design to convey the information in an easy format, so that any effective comparison can be made. This is usually predicated around a simplistic set of features where the use of DCT's has worked well for certain product features and in other markets (e.g. mortgages, insurance, credit cards). However, this differs for acquiring where there exists a multitude of different products that each have their own depth of products/ services attached to them.

The PSR note merchant confidence in a commercial DCT is vital for engagement, but commercial DCT providers may be reluctant to enter a market where merchant appetite for switching reflects the levels reported by the PSR. Any DCT would have to be regulated closely by the PSR in a similar way to the Ofcom Accreditation Scheme[5].

We would respectfully ask the PSR to provide further evidence of what comparable and/or successful initiatives have been implemented for these specific types of markets, and with evidence as to where these have been worked through comparable exercises in other jurisdictions to refute our view. In particular, to demonstrate that success has had a direct impact and led to achieving the types of outcomes that the PSR wishes to have implemented (i.e. promoting competition in markets where this is deemed '*as not being sufficient'*).

UK Finance would strongly advocate that such factors form part of the proposed feasibility study on DCTs. As well as careful consideration of the likely obstacles both in resource, proficiency and capacity for the PSR to do this.

[5] https://www.ofcom.org.uk/__data/assets/pdf_file/0030/78348/accreditation-scheme.pdf

<u>QUESTION 6:</u> What do you think are the main obstacles to development of DCTs in the card-acquiring market, and how could these be overcome?

See answer to question 5.

<u>QUESTION 7:</u> What information do you think should be provided to merchants by DCTs?

See answer to question 5.

<u>QUESTION 8:</u> Do you agree that provision of pricing and other comparable service information to DCTs by providers of card acquiring services would help stimulate the development of DCTs in the card acquiring market?

See answer to question 5.

<u>QUESTION 9:</u> Would merchants feel comfortable and confident enough to share their card-acquirer transaction data with DCTs? Are there barriers to this, and how should they be addressed?

See answer to question 5.

<u>QUESTION 10:</u> Please provide your views on whether merchants are likely to have confidence in DCTs in the card-acquiring sector, and what could be done to improve this.

See answer to question 5.

<u>QUESTION 11:</u> Which merchants would benefit most from DCTs? Should DCTs be designed and targeted to support any particular group of merchants?

See answer to question 5.

- **<u>TRIGGER MESSAGES</u>**

<u>QUESTION 12</u>: Do you agree that provision of information by providers of card-acquiring services to prompt merchants as the ending of their initial term approaches, and annually thereafter

The concept of a trigger message as an 'annual prompt' for the merchant to look around could act as a useful reminder and positive development that may encourage merchants to think about their current contractual arrangements.

They have been delivered to good effect in other markets e.g. insurance markets when policies are renewed. The attributes of how this might be applied, and tailored, to the acquiring market, would be a useful first exploratory step, to determine whether this would have the same meaningful impact as seen in other larger B2C style markets.

<u>QUESTION 13:</u> Do you agree that the PSR should concentrate on investigation of information trigger remedies, rather than fixed-term contracts?

Yes. This would afford more flexibility and be reflective of how our members' business models differ in practice. The concept of fixed term contracts gets into the difficult area of determining what is actually considered a 'fair' contractual period or a 'fixed initial term contract'. The intended purpose of these is to help cover the accompanying investment requirements (e.g. for sophisticated high-value pieces of equipment such as Epos systems) that are placed on acquirers.

<u>QUESTION 14</u>: What is the best time to deliver trigger messages to merchants in relation to the ending of their contract minimum term, and thereafter? Please provide evidence to support your view.

UK Finance has no definitive view or practical insight; and would point toward the need to call upon the services of a specialist design agency / behavioural expert analysis company that can help test and evidence any underlying set of assumptions.

<u>QUESTION 15</u>: Please comment on the content of potential merchant prompt messages. Please provide any views you have on the following categories of information and others you think would be helpful:

- **Information on the purpose of the communication**
- **How much the merchant paid for their card-acquiring services in the previous 12 months**
- **The amount that the merchant would save by switching to the lowest-priced option**
- **Information on non-price benefits of switching**
- **Information on POS terminal switching**
- **Information on how switching works, and what merchants should do if they wish to switch**
- **A call to action**

The onus would be better placed on establishing a set of overarching principles around what that annual prompt/ reminder message should consist of, rather than taking a prescriptive approach.

The list intimates but remains silent on the practicalities. This could become a material technical issue to complete/build potentially for dozens of thousands of merchants and necessitate some kind of platform, which could carry significant build and maintenance costs and multiple iterations owing to complex pricing arrangements involved.

<u>QUESTION 16</u>: What is the best method of delivering trigger messages to merchants? Please provide evidence to support your view.

This depends on and should align with the operational elements that acquirers have to juggle.

There is an opportunity to look at alternative delivery mechanisms which might be more in keeping with how acquirers engage with their merchants at a practical level, rather than the customary circulation of a standard letter placed in the post or generic email landing in an inbox periodically during the year. This could include through acquirers' customer support teams or billing cycle arrangements.

We do not think the PSR should stipulate precisely how or when the messages are sent, or what they must contain, but instead focus on the outcome of merchants being able to make informed decisions.

QUESTION 17: Which merchants would benefit most from trigger messages? Should trigger messages be designed and targeted to support any particular group of merchants? Please provide evidence to support your response.

This needs to be properly tested with perhaps a sliding scale of support being offered and based around the size of the merchant. Intuitively it does seem that a one-size-fits-all approach might appear overly simplistic and at this early state it feels difficult to state which cohort of merchants would benefit by the introduction of such measures.

- **POS INTEROPERABILITY**

QUESTION 18: To what extent could the feature of concern we identified resulting from POS terminal leases be addressed by (a) replacement of terminals by POS terminal lease providers to support merchants switching between acquiring services (b) POS terminal portability (c) a combination of these (d) another solution? Please provide evidence to support your answer.

We do not believe this remedy is feasible to implement, neither is it sufficiently linked to the contractual harms identified or proportionate as a remedy. The notion of POS interoperability is viewed as an inappropriate imposition of a utility sector style remedy that has no precedent in B2B markets (including broadband where providers all use their own routers).

There are too many attributes/commercial relationships that would need to align and falls outside the purview of the PSR to enforce. This is not as easy as individual acquirers being able to 'flip-a-switch' (based on proprietary software/ estate management, differing specifications that need to be complied with/ accreditation standards and dynamics of managing a highly complex supply chain) nor is this comparable with interoperability in other markets such as mobile telephony.

The 'spread' of terminal software integration, hardware designs and range of product specifications (with variance of functionality and features) to which large segments of the market are proprietarily and/or owner designed, makes the notion of interoperability unfeasible.

Some members have expressed a differing view because of the unique features of their commercial model, but the vast majority would directly challenge the feasibility in how the PSR envisages this to work; and for it to operate in practice.

Our members tell us that if this remedy is going to be imposed, the PSR will need to lead on all of the activity, and the cost benefit analysis must be unequivocally demonstrative of benefit for both consumers and merchants alike. Members have been consistent in raising concerns on this remedy, not least the very real detriments this could have to both acquiring and terminal market sectors.

QUESTION 19: Please explain whether you think POS terminal portability would be technically possible and explain your response. What other technical remedies are available to address the feature of concern?

See answer to question 18.

<u>QUESTION 20</u>: Do you think reform of POS terminal lease contracts is needed to address POS terminals and POS terminal contracts that prevent or discourage merchants from searching and switching provider of card-acquiring services?

Our members are better placed to feedback as part of their own individual responses to express the commercial designs and models for how their acquiring businesses operate.

<u>QUESTION 21</u>: What impact will new technology and/or changes in merchant and customer behaviour or expectations have on this feature of concern, and what are the likely timescales of these impacts?

The acceptance market is changing radically, with a growing range of acceptance types being offered by merchants and gaining traction amongst consumers. Against the backdrop of a challenging macroeconomic environment, merchants will increasingly rely on their acquirer relationships to navigate their way through this complexity, regardless of price.

The 'feature of concern' as being described in this instance is around terminal contracts, and more specifically how the use of 'ever green' contracts for POS and use of termination fees inhibit the ability for the merchant to change or switch acquirer. It would be most apposite for a contractual problem to require a contractual solution to address any perceived 'malpractices' operating in the market regardless of the technology in question.

<u>QUESTION 22</u>: Would the introduction of POS terminal portability have commercial impacts on POS terminal lease providers, or in other parts of the value chain? Please provide evidence to support your answer.

Yes. As one example, by requiring interoperability, providers will need to depreciate their terminals quicker which is likely to lead to a higher rental /lease charge from the provider.

POS terminals are typically provided under "hire" rather than "hire-purchase" contracts, and ownership of the terminal does not transfer to the merchant under the agreement. The acquirer providing the POS terminal instead commits to providing the merchant with a working, up-to-date POS terminal, and to support the merchant with its operation. A portion of the cost of POS provision to merchants relates not to the hardware cost, but to 'support' and 'operational costs'. For example, providing technical support with queries and replacing faulty POS terminals. Another example is facilitating the update of POS terminal firmware to support the new UK £100 contactless limit. In the interoperable/merchant-owned POS model the PSR appears to be considering, it is not clear which party would provide these services or bear the cost of their provision.

Overall, the concept of POS interoperability fundamentally changes the entire economic model for how card acquiring would work and would undoubtedly stifle investments in new equipment.

- **INFORMATION REQUESTS**

<u>QUESTION 23</u>: Please give us your views on monitoring merchants and consumer outcomes in the card acquiring market. Also, the methods we should use to assess the effectiveness of remedies put in place to address the features of concern identified in the market review. What metrics should we measure and track to do this, how should the information be collected (for example, via merchant surveys and/or data collection from providers), and how frequently?

The PSR has limited experience of designing remedies for the merchant community and has limited engagement with actual merchants and the sector more widely, based on its primary function as an economic regulator and concurrent competition authority for the payments market. Progressing real world trials would contribute greatly to the PSR's understanding of merchant circumstances and the outcomes they are looking for.

UK Finance is acutely aware from its active role in helping deliver payment projects and its policy on commercial lending in how stretched, both in time and resources, the merchant community is at present. As well as surviving through the profound commercial implications over the last five years of Brexit, the disruption and repivoting of business models caused by the Covid 19 pandemic, and the absorption on the operational side of their businesses through mandated regulatory changes (e.g. SCA), merchants are facing continued squeeze through a combination of fractured supply chains and inflationary pressures. Any further disruption to merchants' business operations must be carefully assessed.

<u>QUESTION 24</u>: Please comment on our approach to the CBA for remedies to address the features of concern in the card acquiring market

UK Finance's understanding is certain of our members have been involved in bilateral discussions to which a separate list of twenty questions have been raised around the effectiveness of what should be included and further considered as part of that CBA analysis. We welcome that dialogue and urge the PSR to take into account the points our members will no doubt raise in this regard.

We would encourage the PSR to undertake as comprehensive a review and analysis as is possible in light of the very real repercussions and potential range of unintended consequences that could arise if the remedies themselves are poorly implemented.

<u>QUESTION 25</u>: What categories of benefits and costs should be included in the CBA? Please provide evidence to support your ideas.

N/A

<u>QUESTION 26</u>: Over what period do you think we should assess benefits and costs for the CBA? Please provide evidence to support your views.

UK Finance has no meaningful indication with which it can provide to answer the question raised.