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# An update on the card scheme participation initiatives, including the Payment Systems Regulator's recent interim report on its market review of card scheme and processing fees

21 June 2024

The markets for card acquiring and card scheme and processing have come under much regulatory scrutiny in recent years. The Payment Systems Regulator (PSR) has been reviewing these markets to ensure they provide effective competition to protect the interests of the acquirers, merchants and in turn the end consumers. In this section we provide you with an update on the recent publications from the PSR in relation to its ongoing card scheme participation initiatives.

On 21 May 2024, the PSR [published](#) MR22/1.9: Market review of card scheme and processing fees interim report. The PSR report suggests the supply of scheme and processing services is not working well, that there is currently no effective competition preventing the two biggest schemes raising prices and that pricing in the market is complicated and prices have risen substantially over the last five years. This has a negative impact on UK businesses facing higher costs, that they are likely to pass onto consumers.

## So what?

The PSR is looking at possible remedies to address the competition issues it identified, which could require Mastercard and Visa to:

- provide improved transparency on fees so that merchants and acquirers can better understand the costs to them and whether they have been charged for optional services;
- explain, consult and/or document the reasons for price changes and the pricing of new services. This would require the schemes to consult acquirers about fee changes and report how acquirer feedback was taken into account when determining pricing.; and
- report enhanced financial information to the PSR on an on-going basis.

The PSR is seeking feedback on its provisional findings and potential remedies which is due on 30 July 2024.

## **Next steps**

If you would like to discuss anything raised in this article, feel free to contact our payments team.