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Scheme and processing fees market review team
Payment Systems Regulator
12 Endeavour Square
London E20 1JN

Sent by email to: cardfees@psr.org.uk

2 August 2022

Dear Sir/Madam

Re: PSR MR22/1.1 Market review of card scheme and processing fees; terms of reference

The EMA represents non-bank issuers and acquirers, and our members include leading payments and e-commerce businesses providing online payments, card-based products, electronic marketplaces, open banking payments and more. The EMA has been operating for over 20 years and has a wealth of experience regarding the regulatory framework for electronic money and payments. A list of current EMA members is provided at the end of this document at ANNEX II.

We would be grateful for your consideration of our comments to the Terms of Reference, which are set out below in ANNEX I.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Thaer Sabri', with a long horizontal flourish extending to the right.

Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

ANNEX I

Question 1:

- **Do you agree with our description of scheme and processing fees? If not, please explain:**
 - **how our description should be altered and whether there are alternative approaches to categorising Mastercard and Visa scheme and processing fees**
 - **why you think the description should be altered in this way. For example, you may think it is important to distinguish between fees which are mandatory and those which are optional**
- **Please include any evidence you think is relevant to your response.**

EMA Response: The EMA agrees with the PSR's proposed description of scheme fees and processing fees respectively. We consider the descriptions are sufficiently broad as to allow the PSR to comprehensively review all aspects of these fees.

Question 2:

- **Do you agree with the proposed scope of the market review? If not, please explain:**
 - **how the proposed scope should be altered**
 - **why you think the proposed scope should be altered in this way**
- **Please include any evidence you think is relevant to your response.**

EMA Response: The EMA, generally speaking, agrees with the PSR's proposed scope of the market review.

We agree that the market review should be limited to Visa and Mastercard due to their respective significant market shares and the nature of the four party card scheme model of which scheme and processing fees are a feature.

We agree the PSR should examine scheme and processing fees set by Mastercard and Visa (the levels, structures and types of scheme and processing fees), including any changes in the fee levels, as set out in paragraph 2.2 of the Terms of Reference.

Separately, paragraph 2.3 of the Terms of Reference provides: [The PSR will examine] payments that Mastercard and Visa make to service-users including, for example, marketing assistance payments or rebates on scheme and processing fees. PSR may look at levels, structures and types of payments made.

We agree that the PSR should include payments made to service users as part of the examination of scheme and processing fees (described in paragraph 2.2) as transparency is important for any competitive market.

Question 3:

- **Do you agree with our proposed approach to the market review? If not, please explain:**
 - **how the proposed approach should be altered**
 - **why you think the proposed approach should be altered in this way**
- **Please include any evidence you think is relevant to your response.**

EMA Response: The EMA, generally speaking, supports the PSR's proposed approach. Please see our comments to Question 4 below whereby we ask the PSR to ensure they consider increases in existing scheme and processing fees and additional processing fees that have arisen since Brexit.

Question 4:

- **Are there specific types of scheme and processing fees we should focus our work on? Perhaps because the scheme and processing fees represent a large percentage of total network fee revenues or because they have changed substantially?**
- **Are there specific types of scheme and processing fees we should not focus our work on? Perhaps because the fees represent a small percentage of total network fee revenues or because they have not changed substantially?**
- **In your response, please explain:**
 - **which scheme and processing fees we should or should not focus on**
 - **why you think we should focus on these scheme and processing fees**
- **Please include any evidence you think is relevant to your response.**

EMA Response: EMA members who are merchant acquirers have been subjected to both increases in existing Visa and Mastercard scheme and processing fees as well as additional Visa and Mastercard processing fees since Brexit, including when UK merchants accept one-off or sporadic cross-border payments in the EEA.

We therefore ask the PSR to specifically consider the broad range of mandatory and optional (depending on services used) Visa and Mastercard scheme and processing fees that can be incurred during the course of their review.

We also wish to urge the PSR, in the course of carrying out the market review, to examine Mastercard's and Visa's respective reasoning for the increases in fees and additional fees applied since Brexit.

Question 5:

- **Do you have views on the potential factors that we propose to investigate (set out in paragraphs 2.7 and 2.8)?**
- **Are there other factors in relation to scheme and processing fees that we should be considering?**
- **Please include any evidence you think is relevant to your response.**

EMA Response: The EMA, generally speaking, agrees with the PSR's list of potential factors the PSR propose to investigate. As noted in our response to question 4, the PSR must additionally consider the Mastercard and Visa schemes' imposing of increases in existing fees as well as additional fees, particularly since Brexit.

ANNEX II: List of EMA members as of August 2022:

[AAVE LIMITED](#)
[Account Technologies](#)
[Airbnb Inc](#)
[Airwallex \(UK\) Limited](#)
[Allegro Group](#)
[Amazon Pay](#)
[American Express](#)
[ArcaPay Ltd](#)
[Azimo Limited](#)
[Banked](#)
[Bitpanda Payments GmbH](#)
[Bitstamp](#)
[BlaBla Connect UK Ltd](#)
[Blackhawk Network Ltd](#)
[Boku Inc](#)
[Booking Holdings Financial Services International Limited](#)
[CashFlows](#)
[Circle](#)
[Citadel Commerce UK Ltd](#)
[Contis](#)
[Corner Banca SA](#)
[Crypto.com](#)
[Curve](#)
[eBay Sarl](#)
[ECOMMPAY Limited](#)
[Em@ney Plc](#)
[emerchantpay Group Ltd](#)
[ePayments Systems Limited](#)
[Etsy Ireland UC](#)
[Euronet Worldwide Inc](#)
[Facebook Payments International Ltd](#)
[Financial House Limited](#)
[First Rate Exchange Services](#)
[FIS](#)
[Flex-e-card](#)
[Flywire](#)
[Gemini](#)
[Global Currency Exchange Network Limited](#)
[Globepay Limited](#)
[GoCardless Ltd](#)
[Google Payment Ltd](#)
[HUBUC](#)
[IDT Financial Services Limited](#)
[Imagor SA](#)
[Ixaris Systems Ltd](#)
[MANGOPAY](#)
[Modulr FS Europe Limited](#)
[MONAVATE](#)
[Moneyhub Financial Technology Ltd](#)
[Moorwand](#)
[MuchBetter](#)
[myPOS Europe Limited](#)
[NOELSE PAY](#)
[NoFriction Ltd](#)
[OFX](#)
[OKTO](#)
[One Money Mail Ltd](#)
[OpenPayd](#)
[Own.Solutions](#)
[Park Card Services Limited](#)
[Paymentsense Limited](#)
[Paynt](#)
[Payoneer Europe Limited](#)
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[Paysafe Group](#)
[Plaid](#)
[PPRO Financial Ltd](#)
[PPS](#)
[Ramp Swaps Ltd](#)
[Remitly](#)
[Revolut](#)
[SafeCharge UK Limited](#)
[Securiclick Limited](#)
[Skrill Limited](#)
[Soldo Financial Services Ireland DAC](#)
[Square](#)
[Stripe](#)
[SumUp Limited](#)
[Syspay Ltd](#)
[Transact Payments Limited](#)
[TransferMate Global Payments](#)
[TrueLayer Limited](#)
[Trustly Group AB](#)
[Uber BV](#)
[Vitesse PSP Ltd](#)
[Viva Payments SA](#)
[Weavr Limited](#)
[WEX Europe UK Limited](#)
[Wirex Limited](#)
[Wise](#)
[WorldFirst](#)
[WorldRemit LTD](#)
[Yapily Ltd](#)

