



ACS Submission: Opening Up UK Payments

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the *Opening Up UK Payments* Consultation. ACS represents 33,500 local shops across the country including the Co-operative Group, Spar, Costcutter and thousands of independent retailers. All our members are consumers of payment services.

ACS represents many thousands of small businesses all of whom are consumers of payment services. Retailers receive millions of payments in cash, cheque, credit and debit card transactions; they are therefore customers of a number of payment service providers. The cost of this part of the business can have a significant impact on business profitability.

We believe that the Payments Council has not been able to deliver a sufficiently innovative or competitive market in payment services. Therefore the introduction of a Payments Regulator is an important positive step that will provide vitally important protections for consumers and help to ensure that the payment service providers are challenged to deliver innovation that benefits consumers.

We welcome the intention set out in the consultation that the Payment Regulator will provide protections to business consumers. This is a vitally important role and one that must be supported by dedicated specialist resource and dedicated strategic objectives from the very first day of operation.

ACS has the following specific comments to make regarding the questions set out in the Consultation.

Questions 1 & 2

ACS does not have a view on how the Regulator should be structured or how it should interrelate with the other relevant regulatory bodies. It is important that the regulator is set up as quickly as possible and that it is easily accessible and recognizable to the consumers that may want to engage with it

Question 3

ACS supports the proposed scope of regulation and the proposal that this can be amended by the Treasury through secondary regulation.

It is vitally important that the legal definition of relevant services is inclusive and does not allow for any loopholes that could allow highly specialized payment services such as the motor fuel card schemes from being excluded from the scope of regulation.

Retailers that operate convenience store businesses alongside the retail sale of motor fuel are facing significant problems with regard to the contractual conditions and high costs of

processing these card schemes. If these issues are not rectified before the creation of the regulator then this should be something that the regulator should scrutinize.

Question 4

ACS supports the proposed primary objective of the regulator. It must be absolutely clear that 'end users of payments services' include business customers such as local retailers.

Question 5

ACS supports the regulator having the power to enforce prohibitions on anti-competitive agreements and abuse of a dominant position, as well as powers to make references to the Competition Commission (or Competition and Markets Authority) as appropriate.

We agree that the complexity of the market leaves consumers at a significant disadvantage. The Regulator would be able to develop the necessary expertise to closely scrutinize complex contracts and market propositions to ensure consumers are not being unfairly disadvantaged.

Question 6

ACS supports the proposed licensing conditions. In particular the requirement to provide transparency on pricing and to allow for price comparison and choice for business consumers in markets like faster payment services, where often innovative (quicker) services are accompanied by punitively higher fees.

ACS also supports the requirement for the licensed providers to account for the investment and development of innovations so that these can be considered for their likely impact on the end users.

Questions 7

ACS supports the proposed powers and recommends the addition of a power to allow the regulator to make provision for consumer redress.

Parliament will shortly be providing for Energy Regulator Ofgem to have powers to make awards of consumer redress where a licensed operator is found to have breached their licence conditions in a way that materially harms their customers.

We believe that such a power would be a useful way to provide recompense to consumers disadvantaged by illegal practices in the payments industry.

For further information related to this submission please contact edward.woodall@acs.org.uk