

## **ACS Submission – A Streamlined approach to Payment Systems Regulation**

### **Overview**

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Treasury's consultation on streamlining payment systems regulation. ACS represents 50,486 local shops and petrol forecourt sites including Co-op, BP, Rontec and thousands of independent retailers, many of which trade under brands such as Spar, Budgens and Nisa. These retailers operate in all locations, such as neighbourhoods, villages, on petrol forecourts and in city centres, but our primary trading location is in secondary shopping areas close to where people live and work.

Convenience stores are consumer-led businesses that adapt rapidly to customers' payment preferences. 98% of stores accept cash, 98% debit cards, 97% credit cards, and 90% contactless or mobile payments<sup>1</sup>. Our members invest to keep choice broad, resilient and secure.

ACS is therefore payments-neutral. While there has been a sustained shift toward digital payments, cash remains essential to everyday retail. With lower basket values – averaging around £8.81 – cash continues to account for close to half of transactions in our sector<sup>2</sup>. We therefore support regulation that complements the FCA's work to manage the transition away from cash in a way that protects access and choice; we have welcomed the new cash access framework and urge continued emphasis on practical, place-based delivery.

At the same time, retailers are increasingly frustrated by the rising cost of accepting cards. Scheme and processing fees have grown, yet pricing remains opaque. This lack of transparency weakens competition and limits merchants' ability to budget and to compare providers. ACS continues to call for proportionate caps on scheme and processing fees – mirroring the approach taken to interchange fees – to curb unchecked cost growth and support a fair, competitive market.

Greater mandated transparency should accompany any caps or remedies. Retailers need clear, standardised breakdowns of the fees they are charged (scheme, acquirer, processing and interchange fees) to make informed decisions, switch with confidence, and manage margins responsibly in a low-basket environment.

We also support the PSR's directions to LINK to maintain a broad geographic distribution of the UK's free-to-use ATMs. However, interchange remains a critical pressure point. The 26.5p per-withdrawal fee paid by customers' banks for cash withdrawals from non-bank branch ATMs – such as those hosted in 41% of convenience stores – has been unchanged since August 2022 despite rising operating costs<sup>3</sup>.

The insufficiency of the interchange fee is driving more ATM operators to declare FTU units commercially unviable, pushing conversions to pay-to-use models that reduce financial inclusion and footfall. We therefore urge a timely review of interchange fees to a level that sustainably covers the cost of providing and managing the UK's FTU ATM network, safeguarding access to cash for communities and the viability of hosting ATMs in local shops.

ACS welcomes the government's ambition to streamline the regulatory framework for payment systems. Reducing duplication between regulators and providing a clearer, more

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<sup>1</sup> ACS Local Shop Report 2025

<sup>2</sup> Retail Data Partnership: Payments in UK Convenience Stores

<sup>3</sup> LINK Interchange Report 2025

coherent framework will benefit both consumers and businesses. We support the principle of consolidating the PSR's functions within the FCA, provided that merchant interests remain central to regulatory decision-making and that the FCA is resourced to maintain the PSR's strong focus on competition, innovation and fair outcomes for service-users.

Answers to the consultation questions can be found below.

**If you have any questions about this submission, please contact**  
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**Q1. Do you agree with the government's proposal to seek to integrate the PSR's functions within the FCA's current legislative framework as set out above and to the extent practicable**

Yes. ACS supports integration of PSR functions into the FCA to streamline the regulatory environment, reduce duplication and improve coherence. However, the government should ensure sufficient resourcing and expertise within the FCA to continue the PSR's focus on merchant interests, including costs of acceptance and access to cash.

**Q2. Do you agree with the government's proposal to retain a designation regime in the new regulatory framework?**

Yes.

**Q3. Do you agree the FCA should have objectives and "have regard" requirements in relation to payment systems that are equivalent in scope and substance to the PSR's in FSBRA as set out in the above?**

Yes.

**Q4. Do you agree with the government's proposal to integrate these objectives and "have regard" requirements within the FCA's current legislative framework as set out in the above and to the extent practicable?**

Yes, however, the government should ensure the FCA has clear accountability to merchants as well as consumers, to maintain focus on payment acceptance costs and access to cash.

**Q5. Do you agree with the government's proposal to apply the FCA's strategic objective and competitiveness and growth secondary objective when it acts in relation to payment systems?**

Yes.

**Q6. Do you agree the FCA should have powers when it acts in relation to payment systems that are equivalent in scope and substance to the PSR's powers in FSBRA as set out in the above?**

Yes.

**Q7. Do you agree with the government's proposal to integrate these powers within the FCA's current legislative framework as set out in the above and to the extent practicable?**

Yes.

**Q8. Do you agree with the government's proposal to move to a single framework for governing access to payment systems?**

Yes.

**Q9. Do you agree with the government's proposal to retain the existing definitions which are currently set out in Part 5 of FSBRA in the new framework as set out in the above?**

Yes.

**Q10. Do you agree with the government's proposed approach to the oversight and accountability provisions that would apply to the FCA when it acts in relation to payments systems as set out in the above?**

Yes.