

Financial Conduct Authority - Contactless Payment Limits **Submission from the Association of Convenience Stores**

Overview

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Financial Conduct Authority's consultation on contactless payment limits. ACS represents 50,387 local shops and petrol forecourt sites including Co-op, BP, One Stop 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.

ACS supports the option of raising the single contactless transaction limit – such as to £200 – and increasing or removing the cumulative and consecutive limits, as this should reduce friction at the checkout and improve the overall customer experience. This is particularly important for forecourt retailers, where transactions are more likely to exceed £100 due to fuel purchases, and for convenience stores during busy trading periods where speed and simplicity are critical. A clear, consistent national framework for contactless limits would help avoid customer confusion at the till and ensure a smoother experience for both consumers and staff.

Convenience retailers are consumer-led businesses, continually evolving to reflect changing customer preferences, including how people choose to pay. Retailers in the sector offer a wide range of payment options to ensure that all customers can make purchases easily and securely. ACS therefore advocates for consumer choice in payment methods and does not favour one method over another.

The majority of convenience retailers accept multiple forms of payment: 99% accept cash, 98% accept debit cards, 97% accept credit cards, and 90% accept contactless and mobile payments¹. While there has been a notable shift toward card and digital payments in recent years, cash remains essential for many customers, particularly for lower-value purchases, and still accounts for around half of all transactions in the sector².

If you have any questions about this submission, please contact
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Answers to the consultation questions can be found below:

Question 1: What is your preferred option for the future regulation of contactless limits?

Amending the limits in the existing contactless payments exemption.

Question 2: What do you consider to be the key risks and benefits of the different approaches and which option do you consider would be best

- **Reduce fraud while minimising payment friction?**
- **Support innovation and economic growth in the UK?**
- **Meet our statutory objectives?**

¹ ACS Local Shop Report 2024

² Retail Data Partnership: Evolution of Payments in the UK's Independent Convenience Stores 2025

ACS support the option of amending the existing contactless payments exemption. Raising the single transaction limit (e.g. to £200) and increasing the cumulative and consecutive limits should reduce friction at checkout, while maintaining a clear, consistent framework for retailers and customers. This approach supports customer experiences, particularly during peak trading hours, and in petrol forecourts where transactions are more likely to exceed the current £100 contactless limit.

While the average basket spend on card in convenience stores is around £10³, and does not typically trigger SCA, removing unnecessary PIN prompts for higher-value transactions would improve efficiency and reduce queuing. Maintaining a uniform regulatory approach – rather than introducing varied risk-based exemptions across payment service providers would also minimise confusion at the point of sale and avoiding placing operational burdens on retailers and their staff.

A revised limits-based approach can still align with the FCA's statutory objectives by supporting innovation and economic growth, while preserving strong protections against fraud through existing SCA rules and provider-led safeguards.

Question 3: On introducing a new risk-based exemption:

- **What would be the most effective regulatory design?** Don't know.
- **What would be the most appropriate way of setting and designing reference fraud rates?** Don't know.
- **Which risk-based factors should be included, if any?** Transaction history/behaviour of the cardholder, time of day where unusual patterns might be flagged.
- **Which scenarios should prevent the proposed exemption being applied, and what should happen when a firm breaches a specified fraud rate?** Don't know
- **What approaches might firms adopt for in-person transactions if there was a risk-based exemption?** If there are variable contactless limits based on customer or transaction risk, they must ensure clear and proactive communication with consumers to avoid confusion or frustration at the till when payments are unexpectedly declined due to inconsistent PSP-defined rules.

Question 4: On amending the existing contactless payments exemption:

- **What factors should we consider when setting regulatory contactless payment limits?** Inflation/average transactions across different sectors
- **At what level should we set the single limit? At £200 or a higher alternative?** We would support raising the single limit to at least £200 to reduce unnecessary PIN prompts, especially in higher-value transactions such as fuel purchases.
- **At what level should we set the cumulative and consecutive limits? What cumulative limit to single limit ratio would be most appropriate? Would a cumulative limit of £2000 or a consecutive limit of 10 transactions be appropriate?** Don't know.
- **Should we remove the consecutive and/or cumulative limits?** Yes – provided strong fraud protections remain in place through the existing SCA framework and PSP risk controls.

³ Retail Data Partnership: Evolution of Payments in the UK's Independent Convenience Stores 2025

Question 5: Do you support alternative approaches to contactless limits? Yes we are open to alternative approaches that enhance consumer choice and reduce friction at point of sale but any alternative must maintain consistency across providers and ensure strong safeguards are in place.

- **Could we achieve appropriate outcomes if we relied substantively on the Consumer Duty, potentially following legislation?** No, the consumer duty should complement, rather than replace, clear, consistent regulatory standards for contactless limits, as set out in 3.9 of the engagement paper.
- **In the event that your preferred approach requires changes to legislation, would you prefer that we delay regulatory change, or take forward interim measures under the existing framework pending legislative change?** We would support taking forward interim measures as long as they are feasible and practical for retailers to implement.
- **If your preferred approach has not been raised in this paper, can you provide further details?** N/A

Question 6: Is there still a benefit to separate exemptions based on use cases, such as the exemption in Article 12 of the SCA RTS for payments at unattended terminals for transport fares and parking fees? N/A

Question 7: What different needs do consumers have for contactless payments? What role should consumers have in setting their own contactless limits?

Various factors like age, digital confidence and financial situation can impact a consumers contactless needs. Some prefer convenience and speed while others may prioritise tighter security or budgeting controls. We believe consumers should continue to be able to set their own contactless limits through their bank or payment provider, enabling greater personalisation without creating inconsistency or confusion at the point of sale.

Question 8: Are there any competition considerations we should take into account for contactless limits?

- **Should firms be able to set their own individual limits, or should there be co-ordinated industry caps?** Don't know
- **What is your view on contactless limits in relation to new ways of making payments, such as digital wallets and/or open banking?** Contactless limits should evolve to reflect the enhanced security of digital wallets and the growth of open banking, allowing higher thresholds where strong authentication (e.g. face ID/finger print) is already built in.

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