

# Our consultation on developing a price cap for cross-border interchange fees

**Our market review into cross-border interchange fees found that, since the UK withdrew from the European Union, the fees charged on card payments between UK businesses and cards issued in the EEA have risen to an unduly high level. These higher fees are often passed on to UK businesses.**

Our review concluded that the only way to effectively protect merchants from high online UK-EAA interchange fees would be to set a cap on how much can be charged. We're now asking for feedback on the methodology to help us calculate an appropriate level for this cap. Our consultation will close on Friday 21 November 2025 at 5pm.

## Why is a price cap needed?

We launched our market review after merchants raised concerns about higher interchange fees on online purchases post-Brexit. We wanted to understand the rationale for fee increases, how they affected businesses, and whether we needed to intervene in the market.

We found that competition in the cards market was not working well and that a price cap, set at an appropriate level, would address the resulting harm to merchants. Feedback to this consultation will inform our approach to analysing what an appropriate level for a cap should be.

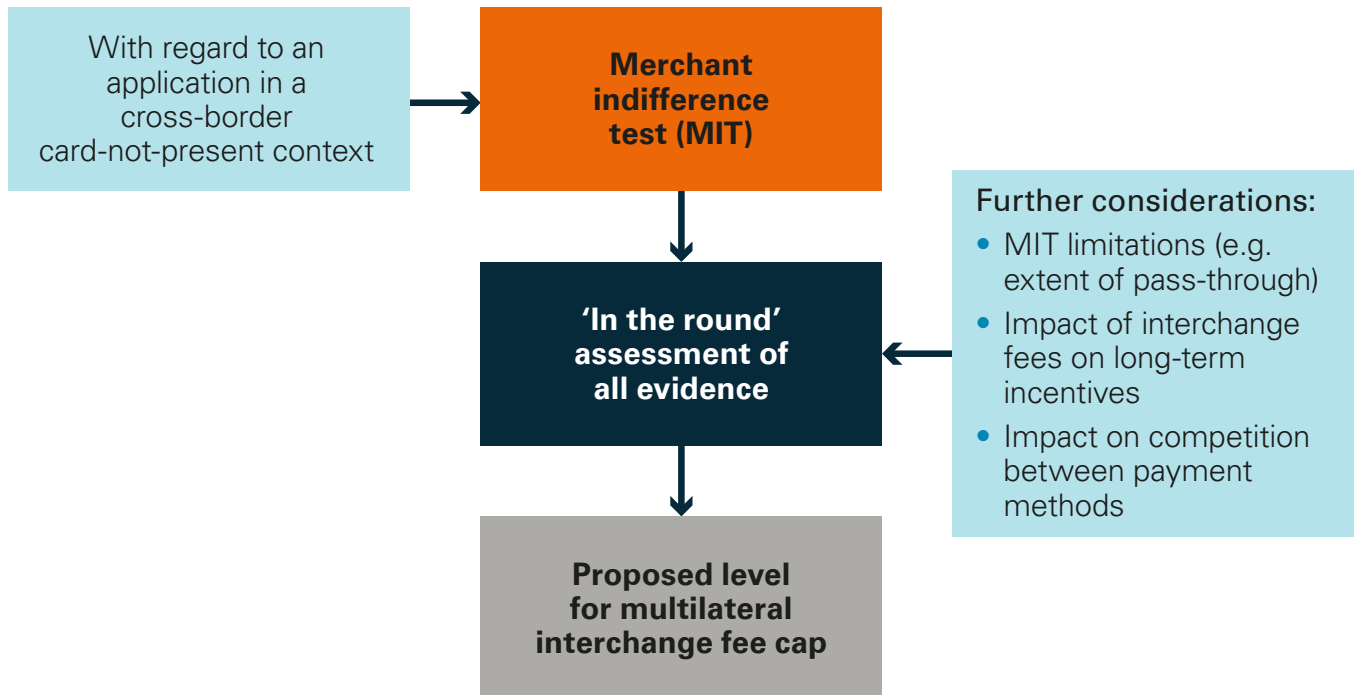
## Developing a price cap

We are currently proposing to undertake two types of analysis to determine the level of the price cap:

- to carry out a merchant indifference test, or MIT. This aims to determine the level of interchange fee at which merchants are indifferent as to whether they accept a card or an alternative form of payment. This would be a level at which the fees are no higher than the benefits that merchants gain from accepting cards. To conduct the MIT, we will seek data from different groups of stakeholders, such as card schemes, acquirers and merchants, and will need good engagement from merchants in particular to ensure that our analysis is robust.
- also, to have regard to some issuer-side considerations, such as whether interchange fees affect issuers' incentives to enable or promote the use of alternative payment methods to cards, innovation in payment services, and competition between payment methods. To conduct this analysis, we intend to ask for costs data from EEA issuers. If we can't obtain the data we need in this way, we will request cost information from UK issuers and use this data as proxy for the costs faced by EEA issuers.

We anticipate that this analysis will also support the wider work of the PSR.

The results of these analyses will help us reach a view on an appropriate cap, which we propose to calculate as follows:



## What's next?

We will engage with interested stakeholders as appropriate. We will then consider the responses to the consultation and finalise the methodology for assessing an appropriate level for a price cap.

Subject to the outcome of ongoing litigation challenging our power to impose a price cap, we will then proceed as follows:



## Get in touch

If you have views on this consultation, please send them to us by 5pm on Friday 21 November 2025 and we will consider them as we decide how to calculate the cross-border interchange fee price cap.



You can email your views to **[cardfees@psr.org.uk](mailto:cardfees@psr.org.uk)**



Or write to us at:  
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