

## 18 Item 08/16(ii)



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Dear Sir

### **PSR REGULATORY FEES – CP 15/44 - CONSULTATION**

The Cheque and Credit Clearing Company (C&CCC) welcomes the opportunity to respond to the Payment Systems Regulator's consultation "PSR regulatory fees 2016/17 - PSR CP15/44".

#### **Background**

This response forms an additional part of our overall response to the PSR's fees consultation process. This has included the November 2014 consultation on the underlying policy of the PSR's fees and the treatment of the PSR's set-up costs, the March 2015 consultation on the fee rates and the fee allocation policy and a Supplementary Paper in May 2015 on additional information and clarification.

#### **Response**

Your consultation seeks the answers to the following questions:

**1. Do you agree with our proposal to use the same AFR allocation methodology across regulated payment systems in relation to FSBRA functions and activities in 2016/17 as we did in 2015/16?**

We accept that there are a number of options regarding apportionment, and we would appreciate the apportionment being kept under review as the PSR's workload and volumes through the schemes increase or decline in future years.



2. **Do you agree with our proposal to continue to use the indirect billing method for collecting PSR fees in relation to FSBRA functions and activities in 2016/17?**

We agree with this proposal.

3. **Do you agree with our proposal to use the same fee calculation methodology relating to FSBRA functions and activities for the year 2016/17 as we did for the year 2015/16?**

We agree with this proposal.

4.

- a. **Do you agree with our proposal to apply the same criteria as we did in the year 2015/16 to determine which acquiring and card-issuing PSPs must pay PSR FSBRA fees?**

As this does not affect C&CCC we will not respond to this question.

- b. **Do you agree with our proposal to apply a minimum transaction volume threshold for card issuers and acquirers in regulated card payment systems in 2016/17?**

As this does not affect C&CCC we will not respond to this question, but suggest that similar principles could be introduced in other payment schemes.

- c. **Do you agree with our proposal to apply the minimum threshold for regulated card payment systems only, as we did in 2015/16?**

As this does not affect C&CCC we will not respond to this question, but suggest that similar principles could be considered in relation to fees in other payment schemes when volumes decline.

5. **Do you agree with our three-tier approach to allocating our IFR AFR, as follows:**

- a. **Equal allocation of our IFR fees across those IFR card payment systems with more than 10 million relevant UK transactions?**

As this does not affect C&CCC we will not respond to this question.

- b. **A flat fee contribution of 0.5% of the total IFR AFR for IFR card payment systems with between 100,000 and 10 million relevant UK transactions (which amounts to £7,500 in 2016/17)?**

As this does not affect C&CCC we will not respond to this question.

- c. **IFR card payment systems with less than 100,000 relevant transactions should be exempted from PSR fees in 2016/17?**

As this does not affect C&CCC we will not respond to this question.

6. **Do you agree with our proposal to use the indirect billing method for collecting IFR fees, except where we propose to invoice operators directly?**

As this does not affect C&CCC we will not respond to this question.



- 7. Do you agree with our proposal to use the same fee calculation methodology relating to the funding of IFR functions and activities in 2016/17 as we propose to use for PSR FSBRA fees, adapted to capture also operators acting as acquiring and/or card-issuing PSPs?**

As this does not affect C&CCC we will not respond to this question.

- 8. Do you agree with our proposal to apply the same minimum threshold for IFR card payment systems (relating to which PSPs are liable to pay PSR fees) for the funding of IFR functions and activities in 2016/17 as we propose to continue to apply for PSR FSBRA fees?**

As this does not affect C&CCC we will not respond to this question.

- 9. Do you agree with our proposed approach that where all of the acquiring and card-issuing PSPs in an IFR card payment system are below the minimum threshold, any PSR fee which is due will be paid by the operator?**

As this does not affect C&CCC we will not respond to this question.

- 10. Do you agree with our proposed amendments to the existing fees rules and new fees rules set out above to give effect to our proposals set out in Chapter 4 in relation to the funding of our IFR functions and activities?**

As this does not affect C&CCC we will not respond to this question.

- 11. Do you agree with our proposed amendments to the existing fees rules set out above to give effect to our proposals set out in Chapter 3 in relation to the funding of our FSBRA functions and activities?**

Having reviewed your proposed changes they appear to be consistent with your proposals.

- 12. Do you agree with our additional proposed amendments to the fees rules as set out in paragraphs 5.11 to 5.22?**

We note that this involves bringing forward the on account fees date by one month. This is not of direct importance to C&CCC, but is of more importance to our Members who will be responsible in paying the fees

### **Confidentiality**

C&CCC is content for this letter to be made available to the public. We will be making it available through our website.

### **Conclusion**

C&CCC considers that the changes proposed are pragmatic and appropriate.

Yours faithfully

Steve Grigg

Acting Chief Executive Officer of Cheque & Credit Clearing Company Ltd