

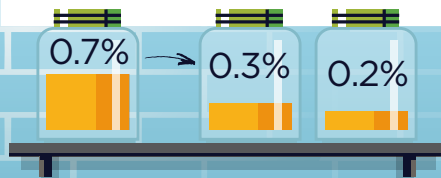
A retailer's guide to the Interchange Fee Regulation

What is the interchange fee?

It's a fee your customer's bank charges your bank for each sale you make where the customer pays by card (except for American Express cards). The interchange fee is usually part of the merchant service charge that you pay to your bank for accepting card payments.

What has changed?

The Interchange Fee Regulation caps interchange fees on UK consumer credit and debit card transactions (except American Express Cards). Certain fees relating to some American Express card transactions are also capped. Where the caps apply, they currently limit interchange fees to 0.2% of the value of a transaction for consumer debit cards (including prepaid cards), and 0.3% for consumer credit cards. Before the Interchange Fee Regulation, the typical interchange fee for a credit card transaction was 0.7%.



Why am I still paying the same fees to my bank? Shouldn't they be lower now?

The merchant service charge is made up of several components. Only the interchange fee, for consumer card transactions, is capped. If you want to reduce your fees you could speak with your bank about getting a better rate, or shop around.

How can I reduce my costs? Top 5 tips

1. You're entitled to information about your merchant service charge from your bank. You could use this information to negotiate a better deal with your bank.
2. Consider shopping around for a bank that offers a lower merchant service charge.
3. Keep on the lookout for a new and cheaper terminal provider.
4. Encourage or incentivise customers to use a payment method that costs you less (for example, a particular type of card, cash, cheques etc).
5. The cost of accepting a card may vary by scheme or card type, so consider if you want to accept all cards or only some cards.

Can we charge customers to use their cards in our machines?

Currently you're allowed to surcharge your customers if they pay by card. However, the Consumer Rights (Payment Surcharges) Regulations 2012 only allow you to charge what it costs you to accept card payments - **and no more**. You risk being reported to the local trading standards office if you overcharge.

