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Via email to: contactlesslimits@fca.org.uk

Payments Policy
Financial Conduct Authority
12 Endeavour Square
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8 May 2025

Dear FCA Payments Policy Team,

Re: Engagement Paper: Contactless Payment Limits

The **Payments Innovation Forum** (PIF) is a not-for-profit industry body representing the payments sector. As an association representing payments and e-money firms, we welcome the FCA's engagement on the future of contactless payment limits and offer the following feedback in response to the questions set out in the FCA's Engagement Paper published in March 2025.

We believe that any reform of the contactless limits must carefully balance the opportunity for innovation with the need to deliver positive outcomes for all consumers. Our members serve a diverse consumer base, including individuals who:

- Rely on contactless payments as a convenient and accessible method of making day-to-day payments;
- Increasingly use digital wallets to make both low and high-value transactions in a friction-free and secure manner, and

- May be financially vulnerable and therefore more exposed to the impact of fraud.

Should the FCA decide to make any changes to the contactless limits, it is important that consumers - especially those in vulnerable circumstances - understand the implications and are supported in managing the impact of any changes. We also urge the FCA not to consider the contactless payment limits in isolation. A future-proofed and payment method-agnostic approach is needed - one that enables a level playing field across different payment types, including account-to-account (A2A) payments.

It is through this lens that we have evaluated the possible approaches to contactless limits the FCA may take.

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

- **Introducing a new risk-based exemption for in-person transactions:** We would support the exploration of a new risk-based exemption - similar to the model used for remote transactions - which would allow firms to calibrate limits and authentication based on the risk profile of the user, transaction, and context. We believe this approach offers the most balanced and future-proof approach, supporting innovation while mitigating the risk of fraud - especially for vulnerable consumers. However, to be effective, this approach should be underpinned by clear regulatory guidance and consistent oversight. We would favour the use of transparent, objective criteria to ensure consistency across the sector, while avoiding overly prescriptive rules that may stifle innovation.
- **Amending the limits in the existing contactless payments exemption:** Raising the current limit could improve consumer convenience and reflect rising transaction values, particularly in the context of inflation. Equally, we believe a blanket increase would increase the potential for fraud if a card is lost or stolen. Vulnerable consumers - who may face digital exclusion or struggle to detect and respond to unauthorised transactions - would be disproportionately affected. For example, those without access to digital banking tools may be unable to freeze their card or receive real-time transaction notifications, delaying intervention and increasing the risk of repeated losses.

While the FCA cites figures from the UK Finance Annual Fraud Report 2024 showing that contactless fraud is a small proportion of total fraud, we are concerned about under-reporting. The NCA 2025 Strategic Assessment of Serious Organised Crime¹ highlights that just 14% of frauds against individuals are reported to Action Fraud or the police. Many low-value frauds are likely to go unreported due to factors such as lack of financial loss - i.e., the amount lost has been refunded by the PSP, lack of confidence in reporting mechanisms, or simply low awareness of reporting mechanisms. We would urge the FCA to consider how under-reporting might skew the data - especially for vulnerable consumers, for whom even low-value losses may be significant.

Additionally, simply raising or removing the contactless limit does not, in our view, address the inconsistencies with digital wallets, which already allow for higher-value contactless payments through biometric authentication. As more customers shift to using digital wallets for both low and high-value transactions, any regulatory change that doesn't reflect this risks creating an uneven consumer experience and an inconsistent approach to fraud prevention.

- **Relying on the Consumer Duty following legislative change:** While the Consumer Duty provides a robust foundation, it lacks the specificity needed in the context of contactless payment limits. Relying solely on the Duty would, in our view, risk a reactive rather than a preventative approach, with harm potentially only addressed after the fact. It may also fail to recognise in all cases the different models under which businesses operate, requiring additional management time to justify why certain approaches have been taken as compared to others in the industry. We therefore believe the Consumer Duty should be viewed as a supporting mechanism, rather than the primary lever for regulatory reform.
- **No change - keep things as they are:** Keeping the existing limits would maintain the status quo and limit fraud exposure, but it may increasingly frustrate consumers as transaction values rise.

¹ [NSA 2025 - Fraud - National Crime Agency](#)

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

Our assessment of the risks and benefits of the different approaches is outlined in our response to Question 1.

On balance, we believe that a new **risk-based exemption** would best:

- **Reduce fraud while minimising payment friction** by allowing high-risk transactions to be flagged for authentication while enabling low-risk payments to proceed smoothly.
- **Support innovation and economic growth** by giving firms the flexibility to develop tailored products and services, enhanced fraud detection, and more consumer-centric features. We believe this approach would modernise and enhance efficiency in payment services, which is vital for boosting economic productivity.
- **Meet the FCA's statutory objectives**, particularly around protecting vulnerable consumers from harm, and reducing fraud-related losses while also improving overall consumer confidence in UK payments.

Question 3: On introducing a new risk-based exemption

We broadly support a risk-based approach, which appears sensible. However, we would advocate for a framework that is not overly prescriptive as this can hinder innovation. We encourage the FCA to explore ways to better structure a risk-based exemption that promotes consistency of application across the sector without constraining flexibility, or creating confusion to users.

Question 4: On amending the existing contactless exemption:

While we support the risk-based approach in principle, our members may have a range of views on amending the existing contactless exemption. We encourage the FCA to engage directly with firms to fully understand the operational implications of amending the existing exemption.

Question 5: Do you support alternative approaches to contactless limits?

We do not believe the FCA could rely primarily on the Consumer Duty following legislative change. In our view, the Duty lacks the precision needed to regulate this area effectively. While it may serve as a starting point, additional guardrails and guidance would be essential. There would need to be regulatory confidence that existing rules could deliver the intended outcomes.

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?

Broadly, yes. Prompting for a PIN on very low transactions can feel excessive, particularly when similar amounts can already be spent on public transport or toll roads without such friction. But we believe it is important to maintain a sensible balance between security and convenience so that for such use cases, cards do not become the product of choice for fraudulent use.

Question 7:

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

Consumers' needs vary widely. Some prioritise simplicity and convenience, while others - particularly those who are financially vulnerable - may place greater emphasis on control and protection. Increasingly, consumers also expect to be able to use digital wallets to make seamless transactions across all value ranges, benefitting from the added security of biometric authentication. This evolving behaviour underlines the importance of a regulatory approach that is flexible, inclusive and responsive to diverse expectations. We do believe that consumers should have a role in setting their own contactless limits, in line with their individual risk tolerances and circumstances but this should be in addition to, rather than in place of regulatory safeguards and thresholds in place. This would enhance consumer agency and reflect the overarching principles of the Consumer Duty. While some PSPs already enable personalised limits, e.g., for ATM withdrawals, not all providers offer this functionality. As such, a higher default contactless limit, introduced without consumer control, could have uneven impacts and expose some users to heightened risk.

Payments Innovation Forum

If you would like to discuss our views with us in more detail, we would be pleased to do so.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "D Brocklebank", on a light yellow rectangular background.

Diane Brocklebank

Executive Director

Payments Innovation Forum