

FPS Merchant Payment Scheme

To meet increasing demand for efficient payment service of end users, the Faster Payment System (FPS) was launched in 2018 to offer a safe, efficient, cost-effective and widely accessible channel for different types of payments, such as person-to-person (P2P) payments, person-to-business (P2B) payments, business-to-person (B2P) payments, and business-to-business (B2B) payments, etc., on a real-time, 24x7 basis. To enhance efficiency of small-value payments and to provide a cost-effective payment service to SMEs, the FPS serves as a low-cost electronic payment means, and an alternative to cash in supporting person-to-merchant (P2M) payments viz. merchant payments, banks and SVFs can ride on the FPS platform to improve efficiency of payment collection service for merchants and provide customer-oriented payment services for purchase of merchandises or services to suit the convenience of retail customers.

To help promote the acceptance and accessibility of payment means among customers and enhance overall efficiency of merchant payment services, it is a common practice in the retail payment sector for a merchant to engage a bank or SVF as the participant (i.e. merchant-facing participant) to pay an interchange fee on his behalf to another participant (i.e. customer-facing participant) as an incentive for the provision of payment services. To encourage the adoption of merchant payments under the FPS, a Merchant Payment Scheme has been introduced to facilitate the compilation and settlement of interchange fees of FPS merchant payments between merchant-facing participants and customer-facing participants. The scheme is an optional service administered by the HKICL Services Limited (HSL), a subsidiary of HKICL, as an ancillary service to the core settlement service of FPS merchant payments provided by HKICL.

While FPS Participants are required to actively engage in bilateral negotiations on the interchange fees, HSL has appointed an independent consultant to recommend reference interchange fees (RIFs) for real-time FPS merchant payments and bill payments based on market research, these RIFs are solely for reference to facilitate bilateral negotiations on interchange fees among FPS participants.

Based on the willingness-to-pay method, the independent consultant has taken into account the service fee in the market that merchants are willing to pay for accepting the FPS as an alternative payment means to cash, and has recommended the following RIFs:

Type of merchant payment	Reference interchange fee*
FPS real-time merchant payment	0.21% of the payment amount
FPS real-time bill payment	HKD0.42 (for HKD bill payment) RMB0.42 (for RMB bill payment)

*Note: The RIFs will be subject to review from time to time to reflect the changes in market conditions.

The RIFs are strictly indicative and serve as genuine references for FPS participants. Subject to the outcomes of bilateral negotiations among FPS Participants, the resultant interchange fees can be higher or lower than or at the same level as the RIFs.