PSR Payment Systems Regulator

Annual report and accounts 2024/25

HC 1025

The Payment Systems Regulator Limited

Annual report and accounts 2024/25 (for the year ended 31 March 2025)

Presented to Parliament pursuant to paragraph 8(3) of Schedule 4 of the Financial Services (Banking Reform) Act 2013

Ordered by the House of Commons to be printed on 10 July 2025.

HC 1025

© The Payment Systems Regulator Limited copyright 2025

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as The Payment Systems Regulator Limited copyright and the document title specified. Where third-party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at:
The Payment Systems Regulator Limited
12 Endeavour Square
London, E20 1JN

This publication is available at psr.org.uk/annualreport24-25

ISBN 978-1-5286-5431-9

E 03288359 07/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd on behalf of the Controller of
His Majesty's Stationery Office.

Contents

Foreword

Aidene Walsh 2

David Geale 4

Our role as an economic regulator 6

How we made a difference in 2024/25 8

A strategic approach 10

National Payments Vision and economic growth 11

Improving regulation and collaboration 12

Better outcomes through competition 14

Protecting people now and in the future 16

New ways to pay 17

Supervision and regulatory oversight 18

Our achievements and impact during the year 20

Meeting our commitments 23

Our outcome indicators 28

Our organisation 34

Directors' report 50

Corporate governance 56

Remuneration report 72

Financial statements 82

The certificate and report of the Comptroller and Auditor General to the members of the Payment Systems Regulator Limited and the Houses of Parliament 84

Notes to the financial statements 96

Foreword

Aidene Walsh (Chair)

In November 2024, the government set out its ambitions for the sector in its National Payments Vision (NPV). We welcomed the NPV and its principles, which all align with what has been at the heart of our work since the Payment Systems Regulator's inception.

The government has made it clear that to deliver the NPV, the regulatory framework must be straightforward, predictable and proportionate. Indeed, the PSR's response to the Prime Minister on supporting growth in the UK outlined the board's commitment to considering wider changes that can support pace, efficiency and growth – including closer alignment with the Financial Conduct Authority (FCA). In March 2025, the government announced that the PSR would consolidate primarily into the FCA.

We welcome the change as a pragmatic next step, enabling the PSR's important work to continue while streamlining regulation across payments. The board realises that, while full integration is reliant on legislative change that will advance after the Treasury's consultation this summer, there is work that can progress in the background. This is already underway, to support a more streamlined regulatory approach before legislation is passed. I am delighted that David Geale has been confirmed as FCA Executive Director, Payments and Digital Finance, as well as Managing Director of the PSR for its duration. David also sits on the Payments Vision Delivery Committee (PVDC). Merging these roles will help ensure a focus on execution, so that the UK has the resilient infrastructure it needs to support competition and innovation.

Looking back over the last year, we are proud of what we have achieved in delivering against our strategy which was refreshed during the year. We saw Confirmation of Payee adoption increase to cover 99% of Faster Payments transactions, and successfully implemented our world-leading reforms to address authorised push payment (APP) fraud – helping to build trust, protect victims and incentivise payment firms to prevent fraud. We commend the efforts of industry to deliver the outcomes for victims of APP scams. While it is still early days, it is reassuring to see that 99% of victims have been refunded and that concerns about unintended consequences have not materialised so far.

We have continued to drive forward open banking, working closely with the FCA. We have also reached major milestones on our card fee reviews, recognising that the costs faced by retailers, including many small businesses, directly affect their ability to grow and invest.

Across the PSR, we have enhanced our collaboration and engagement with stakeholders throughout the ecosystem, recognising that the payments sector is at its best when it works in public-private partnership.

The board's focus in this coming financial year is now on delivering our annual plan – including our updated strategy – and ensuring a smooth transition as we become part of the FCA, supporting our colleagues through the upcoming changes.

We are clear that a joined-up organisation, bringing together the strengths of the two regulators, is an exciting opportunity, helping to deliver real-world impact and support a stronger UK payments ecosystem in the future.

I would like to take this opportunity to thank my fellow board members past and present for their support, professionalism, focus and enthusiasm over the last year.

As the PSR heads towards the transition, I know the board's focus will remain on ensuring our statutory objectives are met, and on supporting our people. Likewise, I thank the PSR Executive team over my term for their leadership and continued focus on delivery of the PSR work plan and the wider PSR team for their approach and dedication to the organisation in a time of change.

Foreword

David Geale (PSR Managing Director and FCA Executive Director of Payments and Digital Finance)

Reflecting on my first full year at the PSR, there is a great deal to be proud of and I am very thankful for all the hard work I have seen from colleagues across the organisation. We have achieved a number of significant milestones, providing a solid footing for the year ahead as we continue to deliver on our goals in a changing environment.

We are working even more closely with stakeholders across the ecosystem – listening to their views and engaging more effectively. This doesn't always mean we agree – but through effective engagement we secure stronger outcomes for UK payments.

Close working with the FCA has been important as we deliver impactful changes – when we take a cross-payments view and bring together our perspectives and strengths, we achieve more than we each could alone. I see these benefits in practical application, decision making and strategy setting every day. They include clearer regulation, faster decision-making, and greater efficiencies. As the PSR integrates into the FCA, we will continue to build on these collaborative working relationships, and support a smooth and effective transition that makes a positive change in payments.

We have delivered some significant achievements over the past year. We reviewed our five-year strategy at its midpoint, and clarified our key commitments in our strategy update, helping to ensure that we are focused on the right areas as the payments sector develops.

These commitments remain valid as we look towards the future within the FCA, and complement the FCA's 2025-30 strategy – with common core themes around helping consumers and supporting growth, as well as promoting innovation.

Our work in tackling fraud – systemically and from multiple angles – has been vital. We successfully introduced a world-first reimbursement requirement for APP fraud, incentivising payment firms to prevent scams from happening in the first place, and making sure people are protected if they do fall victim. In the first three months of the policy, 99% of victims were reimbursed, preventing around £27 million of losses. Importantly, more payment firms are now reimbursing victims than before, helping to ensure a consistent approach. Ensuring the fraudster's banking provider has to share the cost of reimbursement has significantly increased incentives to prevent APP fraud.

We engaged closely with industry and consumer groups, and carefully considered feedback in setting and adjusting maximum reimbursement levels. We also expanded the name-checking service Confirmation of Payee, and now over 99% of all transactions made through Faster Payments and CHAPS are safeguarded by this measure to address fraud and error.

We have driven forward work to promote competition in payments, and to address harms where we have concerns that competition is ineffective. We published major reports on our market reviews of cross-border interchange fees, and scheme and processing fees – and consultations on potential remedies.

We also ensured a strong focus on smart and proportionate regulation. Over the year, we revoked our specific direction in relation to ATM access in light of the FCA's access to cash rules – helping to ensure that the cash access regulatory environment is clearer and more streamlined. We also consulted on our approach to the specific direction requiring a competitive procurement for Faster Payments central infrastructure. In light of the NPV, we decided to revoke it to provide space and flexibility for the PVDC discussions to continue.

Working in partnership with the FCA, we explored opportunities and issues surrounding big tech and digital wallets – with wallets now becoming a key way to pay in the UK.

We provided our payments expertise and insight to inform the important work of the Digital Markets Unit in this critical area. And we continued to accelerate progress on open banking, so that we can seize the opportunities of choice, competition and innovation.

We have continued to play our full role in supporting the NPV and in supporting the work of the PVDC, particularly as we ensure we have the resilient infrastructure we need to support competition and innovation into the future.

There is much to be proud of. As we move on to the next chapter of payments regulation, centred on even stronger collaboration and join-up, we are clear about our role: continuing to deliver, ensuring a smooth transition, and deepening our collaborative working relationships. We look forward to working with you all as we do so.

Our role as an economic regulator

The PSR is the economic regulator of payment systems in the UK, overseeing the main systems through which people and businesses make payments.

We have a specific remit, guided by our statutory objectives set out in the Financial Services (Banking Reform) Act (FSBRA) 2013:

- to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them
- to promote effective competition in the markets for payment systems and services – between operators, payment services providers (PSPs) and infrastructure providers
- to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems

In doing so, we have regard to a number of regulatory principles – these include the desirability of sustainable growth in the UK economy in the medium or long term.

As announced by the Prime Minister in March 2025, regulatory responsibilities for payment systems will mainly transfer to the FCA, subject to legislation. We support this step as a pragmatic measure to achieve a streamlined regulatory environment and are working to ensure, in the near term, that we seize the opportunities it provides, building on our already close relationship with the FCA.

The government has clearly set out that the PSR retains its remit and full suite of powers pending legislation and we continue our focus on delivering against our statutory remit and strategy.

The PSR remains publicly accountable to Parliament and the Treasury, and we report to the Treasury on our progress through this Annual Report. The Treasury lays this report in Parliament.


COME IN, WE ARE
OPEN
TIMES
TUESDAY TO FRIDAY
8:30am - 10:00pm
SATURDAY TO SUNDAY
9:00am - 10:00pm
MONDAY
CLOSED

How we made a difference in 2024/25

A strategic approach	10
National Payments Vision and economic growth	11
Improving regulation and collaboration	12
Better outcomes through competition	14
Protecting people now and in the future	16
New ways to pay	17
Supervision and regulatory oversight	18
Our achievements and impact during the year	20
Meeting our commitments	23
Our outcome indicators	28

A strategic approach

The payments industry is highly dynamic and evolves at pace, making it essential that we adopt a strategic approach for everything we do.

We are responsive to developments in the landscape, while championing new ideas to address the needs of everyone who makes and receives payments.

In January 2025, we published an update to our five-year strategy. This reflected the comprehensive review of our work we did halfway through our strategy term.

We assessed whether our strategic outcomes and priorities were the right ones – to determine whether to revise or refine our work programme for the remainder of the strategy period.

We then set out three core commitments to drive a positive impact. These are to:

- **complete the important work we have started to protect users and promote competition and innovation**
- **drive forward work with the Bank of England to upgrade Faster Payments, assess long-term retail infrastructure needs, and determine the governance arrangements needed to deliver this, including proposals to reform Pay.UK**
- **sharpen our focus on competition and innovation in payment systems, supporting economic growth and enabling the ecosystem of the future**

We consider that these are still the right priorities to focus on following the announcement of our consolidation with the FCA. Many of the themes in this strategy align with those of the FCA's Strategy 2025, setting out its vision and priorities for 2025-30. These include a strong focus on growth, supporting consumers and enabling innovation (including open banking) – providing a firm foundation for our deepened collaboration in this period of transition.

National Payments Vision and economic growth

Our strategy update was also informed by the government's National Payments Vision (NPV), which was published in November 2024.

The NPV outlines three pillars designed to guide future activity – innovation, competition and security. These closely align with our own areas of focus. We have played our full role, working closely with the government, FCA and the Bank of England as part of the new Payments Vision Delivery Committee (PVDC).

Together we have driven progress on the NPV's early deliverables, particularly on ensuring that the UK has the retail payments infrastructure it needs for the future. We are clear that decisions here are for the PVDC to take, with the PSR supporting – particularly on infrastructure.

Underpinning all our work, and the approach we take, is a commitment to supporting economic growth. We fully endorse the government's growth mission. In January 2025 we responded to the government's letter to all regulators, setting out the work we have underway and how we will go further to support this shared endeavour.

We outlined five steps to promote growth in 2025. We said we would:

- **continue to build and embed an efficient and effective whole-system regulatory approach that supports growth**
- **encourage innovation**
- **act on card fees**
- **enable payments infrastructure for the future**
- **realise the opportunities of open banking**

These have remained at the heart of our agenda.

Improving regulation and collaboration

Our continued collaboration with the government, the FCA, the Bank and other authorities is crucial to delivering the outcomes we want to see. It will also support the more joined-up regulatory regime of the future as the PSR becomes part of the FCA. Only through working effectively together can we most effectively realise the opportunities for UK payments.

We have a longstanding Memorandum of Understanding (MoU) for how we work with the FCA, the Bank and the Prudential Regulation Authority. We recently updated the MoU to reflect the NPV's strong focus on regulatory coordination.

Representatives from the authorities and a wide range of firms, trade associations and consumer groups reviewed the MoU and advised us that coordination had improved, and that sharing expertise and information over areas such as APP fraud reimbursement was having a positive impact on the sector. We will continue to deepen collaboration and strengthen our working relationships.

We have also built on the strong joint work we did on open banking as part of the Joint Regulatory Oversight Committee, with an FCA/PSR steering group delivering progress and maintaining momentum – working even more closely to achieve positive change.

In all our work, we operate by the principles of proportionality, transparency, and efficiency. We have developed a robust framework for cost benefit analysis (CBA), to ensure that any activity is proportionate to the expected benefits. While we have a limited set of regulations in place, we consider whether they remain necessary and appropriate.

We revoked our specific direction on ATM access in light of the FCA's access to cash rules – helping to ensure that the cash access regulatory environment is clearer and more streamlined, supporting smarter regulation. We also consulted on our approach to our specific direction requiring a competitive procurement for Faster Payments central infrastructure to ensure it remains appropriate, particularly in the light of the NPV.

Horizon-scanning and stakeholder engagement are essential aspects of our work, which help us identify future issues and focus our efforts on areas where we can achieve the greatest impact.

We regularly engage with a range of industry representatives, including payments operators, trade bodies, fintechs, merchants and consumer groups – to understand the challenges and opportunities that shape our activity. Over the last year we have refreshed how we engage with businesses and consumer representatives, which has helped us form even closer working relationships.

We have forged links with other UK regulators, including our active memberships in the UK Regulators' Network and UK Competition Network. We have worked with the FCA and the Bank to share information and insights and learn from each other's experience, and partnered with the CMA on areas of overlapping interest.

We have also reached out to our international counterparts, prioritising countries with similar payments ecosystems to ours and doing more on international engagement than we have ever before. We have developed strong relationships with international organisations such as the European Commission, and with financial regulators in other countries, enabling us to gain timely insights into global debates and to share our perspectives. Reflecting our increased focus on innovation, we have become a member of the Global Financial Innovation Network.

We will continue to deepen collaboration and strengthen our working relationships

Better outcomes through competition

Both of the market reviews we published this year (one on cross-border interchange fees and one on scheme and processing fees) demonstrate our commitment to understanding whether competition in the cards market is working well and whether we might need to address any harm or detriment.

We developed potential remedies to address our concerns and engaged with parties, with the aim of ensuring that merchants, and ultimately consumers, get a good deal from card payments. For merchants, many of which are small businesses, getting a good deal is important to their growth and development – supporting broader growth in the UK economy.

Since the publication of the NPV, we have collaborated with the FCA to transition from the Joint Regulatory Oversight Committee to a new joint steering group to drive progress on open banking.

In January 2025, we tasked Open Banking Limited with establishing an independent, industry-led central operator to oversee Phase 1 of the expansion of variable recurring payments to low-risk use cases.

We continue to work with Open Banking Limited and UK Finance in developing recommendations for a sustainable commercial model for Phase 1 and e-commerce use cases.

For merchants, many of which are small businesses, getting a good deal is important to their growth and development

Protecting people now and in the future

On 7 October 2024, we implemented our world-leading APP scams reimbursement requirement, by issuing two specific directions and a specific requirement under our statutory powers.

This provides protections for all in-scope consumers against all types of APP fraud that take place over Faster Payments, while incentivising payment service providers (PSPs) to prevent fraud before it harms consumers.

We have ensured that our requirements have been embedded into the Faster Payments reimbursement rules owned and maintained by Pay.UK. We have also worked with the Bank to introduce equivalent protections for CHAPS payments.

Alongside Pay.UK, we continued to monitor compliance with our policy. Data from the first three months indicated that:

- reimbursement levels were high, with 86% of money lost to APP scams returned to victims
- there was a fall in the number of APP scam claims
- there was no major evidence of increased 'moral hazard' – customers not being cautious because they knew they would be reimbursed if they were scammed

We also found that 99% of victims were reimbursed during that three-month period. We committed to an independently led review of our reimbursement requirement once it has been in operation for 12 months, helping to ensure it is delivering its intended effects over time. We have started planning for that to ensure it provides a clear, independent view.

Beyond that, we have continued to publish fraud statistics to aid transparency and public awareness of the volumes of APP fraud associated with individual PSPs. We gathered data from 14 of the largest banking groups in Great Britain and Northern Ireland to see which platforms fraudsters are using for different types of APP scam, including romance, purchase, and investment scams. This highlighted publicly the important role that social media and telecommunications have to play in addressing fraud.

We also published revised guidance for PSPs reporting APP fraud data. We have continued with our rollout of Confirmation of Payee requirements across Faster Payments, to help prevent fraud and misdirected payments. As of October 2024, Confirmation of Payee covers more than 99% of Faster Payments transactions.

New ways to pay

Driving innovation in payments is one of our main priorities. We developed our approach to innovation over the year, including how we can best support it. This included our plans to engage with innovators to get insights into barriers and enablers to innovation, and providing a contact point for innovators seeking our steer on issues within our remit.

Our joint work with the FCA on digital wallets supported our focus on competition and innovation in payment systems – helping to inform the CMA's important work on mobile ecosystems. We also continued to explore new payment systems like stablecoins and the digital pound, to help us understand their future implications for payment systems.

Supervision and regulatory oversight

In 2024/25, we made progress in embedding our supervisory function and clarifying our expectations of payment system operators (PSOs).

Through our consultation on our supervisory approach and principles, we set a clear direction that balances innovation, competition and user needs. This is helping us build more consistent engagement with PSOs, lay the groundwork to spot potential issues earlier, and influence improvements without always relying on formal intervention.

As our approach matures over the coming year, we expect timely and practical engagement to help both new and established PSOs bring forward better services for users, while ensuring emerging risks are managed. This will further strengthen the payments ecosystem, so it remains dynamic, accountable and well governed.

This year, we published a compliance monitoring framework, which explained how we monitor compliance with our regulations and what firms can expect if there are issues with compliance. If compliance levels are high, it gives our regulations their best chance of making the improvements we want to see, and supports innovation and growth by increasing trust in payment systems.

If compliance levels are high, it gives our regulations their best chance of making the improvements we want to see

Our achievements and impact during the year

2024/25 has been a year full of achievements, collaboration and progress towards our strategic objectives. We are meeting our commitments to make positive changes for people who use payment systems throughout the UK.

April 2024

Annual Plan and Budget 2024/25

We published our aims, activities and expected costs for the year ahead

May 2024

Revising card-acquiring services directions

We revised Specific Directions 14, 15 and 16, associated with card-acquiring services, to ensure they capture the right firms

June 2024

Publications activity was limited in the run-up to the UK General Election

July 2024

APP scams reimbursement

We published data and information about APP fraud data, monitoring of reimbursement compliance, and guidance for firms on how to share data

Big tech and digital wallets

Alongside the FCA, we issued a joint call for information on the use and impact of digital wallets

Policy

Engaging with others

Enforcing our policies

August 2024

Expanding variable recurring payments

We published our response to the call for views on proposals to expand variable recurring payments to increase choice and flexibility

September 2024

CHAPS APP scam reimbursement requirement

We issued Strategic Direction 21, which applied to all PSPs participating in CHAPS and confirmed our approach to reimbursement, summarising responses to our consultation

October 2024

Confirmation of payee expanded

We announced that confirmation of payee, the name-checking anti-fraud service, was expanded to hundreds more firms – meaning that over 99% of all transactions through Faster Payments and CHAPS are safeguarded

APP scams reimbursement requirement comes into effect

We confirmed the maximum level of reimbursement at £85,000, and this came into effect on 7 October 2024

November 2024

Fraud enabler data

We published a letter to online, social media and tech firms to let them know about our plans to publish data about fraud taking place on their platforms

December 2024

Card fees market review: cross-border interchange fees final report

We published our final report on fees that Visa and Mastercard charge for cross-border online retail transactions between EEA and UK businesses, alongside a consultation on remedies

December 2024

Report into how fraudsters exploit digital platforms

We gathered and published data on how fraudsters use platforms such as social media sites to reach and scam consumers

Cost benefit analysis

We launched our statement of policy on our CBA framework

January 2025

Responding to the government on its growth agenda

The Prime Minister wrote to all regulators, asking how they planned to support economic growth. We responded with the five steps we have committed to this year

Next steps for open banking

Together with the FCA, we looked at what's next for open banking, covering progress in 2024 and establishing Open Banking Limited

February 2025

Feedback on digital wallets

From our July call for information on digital wallets, we published what we and the FCA had heard from businesses and representative groups on the benefits of digital wallets, and making the market more competitive

Compliance monitoring framework

We published our new compliance monitoring framework, which explained how we'll carry out our monitoring work and what we do when we find compliance issues

March 2025

Card fees market review: card scheme and processing fees final report

We found that Mastercard and Visa have increased their core scheme and processing fees to acquirers by at least 25% since 2017, and that the market is not working well. We published our findings and conclusions

Meeting our commitments

This section shows the commitments we made in our Annual Plan for 2024/25. Our commitments changed emphasis over the course of the year, reflecting the launch of the NPV and, later, in light of the announcement of our integration into the FCA. We have continued to make good progress in accomplishing what we set out to do.

Protection

Annual Plan commitments		Notes	2024/25 progress
APP fraud reimbursement	Oversee and assure Pay.UK's development of the infrastructure and frameworks needed to implement our requirements for reimbursing APP fraud victims.	1	Ongoing
	Engage with PSPs to validate they have implemented our requirements.	2	Ongoing
	Issue a direction requiring PSPs to report data to Pay.UK.		Completed July 2024
	Monitor the incidence and impact of high-value APP fraud and review the maximum reimbursement level if appropriate.		Completed September 2024
	Consult on extending the reimbursement rules for participants in the CHAPS payment system and publish our final decision and any direction needed.		Completed September 2024
	Define terms of reference for the post-implementation evaluation of our APP fraud reimbursement policy.	3	Ongoing
	Implement the monitoring regime for compliance with our APP fraud reimbursement policy.		Completed September 2024
APP fraud data	Publish the second set of data on PSPs' performance on APP fraud.		Completed August 2024
	Gather data on the channels that fraudsters use to scam people.		Completed December 2024
	Review our guidance on reporting and publishing APP fraud performance data.	4	Ongoing
	Monitor industry progress on standards for sharing enhanced fraud data, and consider formal requirements if we are not confident that industry will introduce an appropriate solution.	5	Ongoing
Confirmation of payee	Work with PSPs to ensure their readiness for the expansion of coverage from October 2024.		Completed October 2024
	Monitor and enforce firms' compliance with our directions.		Ongoing

Competition

Our market reviews on card fees are looking at the competition that Mastercard and Visa face in card payments, as this impacts the costs merchants face. This year we will share our conclusions.

Annual Plan commitments	Notes	2024/25 progress
Publish the final report on our cross-border interchange fees market review.		Final report published December 2024
If we conclude we need to intervene in the market, we will consult on remedies and implementation.	6	Ongoing
Publish the interim and final reports on our card scheme and processing fees market review. If we find the market is not working well, we will consult on remedies.		Interim report published May 2024 Final report published March 2025 Remedies consultation published April 2025

Unlocking account-to-account payments

We want account-to-account payments to give people and businesses more choice about how they make and accept payments. New payment options will provide consumers with greater flexibility and control over how they manage their money. For merchants, they can provide a cost-effective alternative to other payment options like cards. To encourage adoption, they need to be widely available, secure and reliable so that consumers can trust and understand them. Sustainable pricing models are also needed so that firms continue to invest and innovate.

Annual Plan commitments	Notes	2024/25 progress
As co-chair of the Joint Regulatory Oversight Committee, we continue to:	7	JROC was closed down in December 2024 and moved to a new governance arrangement under single leadership
Clarify the future regulation of open banking, to ensure it operates in the interests of all service users.		National Payments Vision published November 2024
Decide on changes needed, including any necessary directions and rule changes, to enable the phased expansion of variable recurring payments to begin.		Ongoing
Engage with stakeholders to understand what support consumers and businesses need to regularly adopt account-to-account payments for retail purchases, and liaise with the key organisations to encourage this.	8	Ongoing
Continue our focus on ensuring that the next generation of payments infrastructure for account-to-account payments provides improvements in fraud detection and access, as well as better supporting enhanced competition.		Ongoing

Access and choice

We play a key role, along with our regulatory partners, in ensuring that people and businesses have access to payment services and options that meet their needs. In our role as regulator of the LINK network, we ensure that people can access cash for free when they want it and – working alongside the FCA, the government and industry – that the UK's cash infrastructure is reliable, resilient and sustainable. We have been exploring the barriers people face when using digital payments so that we understand the challenges and can help more people access a wider range of payment methods.

Annual Plan commitments	Notes	2024/25 progress
Review the effectiveness of Specific Direction 12 (SD12) in maintaining access to free-to-use cash machines through the LINK network.		Completed July 2024
Publish our research on the barriers consumers face in using digital payments.		Completed August 2024
Set out how we intend to support the take-up of digital payment methods, including exploring how businesses can offer a wider set of variable payment options.	8	Ongoing
Work with PSPs and consumer groups to ensure our ongoing work on tackling APP fraud and account-to-account payments reduces barriers to digital payment use by increasing trust and control for users.	9	Ongoing

Strengthening our organisation

Much of our work requires changes to take place across the payments ecosystem. These need to be properly implemented and effective in delivering the positive outcomes intended. Reflecting this, we are expanding our role in supervision and compliance monitoring as we strengthen the effectiveness of our regulatory toolkit and develop and implement new regulatory frameworks, and will strengthen our strategic engagement with payment system operators.

Annual Plan commitments		Notes	2024/25 progress
New regulatory frameworks and tools	Implement our supervisory approach and build the relationships that enable us to better manage risks to our strategic aims through enhanced oversight of payment systems and operators.	10	Ongoing
	Develop and implement our compliance monitoring framework to make sure firms meet their obligations. Where we identify non-compliance, we will take appropriate action.		Completed February 2025
	Continue to implement the measures required by the Financial Services and Markets Act 2023 concerning accountability, PSR Panel appointments, our approach to cost benefit analysis, and policy-making reforms.	11	Ongoing
Strategic engagement	Gather feedback and views on progress against our strategy, and consider whether our priorities remain the right ones to achieve the outcomes we want to see.		Completed January 2025
	Continue to work closely and collaboratively with the Bank of England and the FCA to support strategic coherence in respect of matters impacting the payments ecosystem.	12	Ongoing
	Deepen our engagement with stakeholders and other regulators to remain abreast of emerging issues and opportunities in payment systems and markets, and learn from developments and best practice domestically and internationally.	13	Ongoing
	Share with the Treasury our views and vision to inform its work on the National Payments Vision.		Completed November 2024
	Work with the Treasury, the Bank of England and Pay.UK to determine the next steps for the New Payments Architecture (NPA) in light of the government's decision to consider the role of the NPA in the National Payments Vision. We are keen to see the benefits envisaged in the NPA, such as improved data standards, delivered.	14	Ongoing

Notes to the commitments table

1. Ongoing engagement on Faster Payments reimbursement rules and system requirements. Further consultation planned for later in 2025.
2. Ongoing engagement to support implementation.
3. Work is now focused on an independent review of the policy. We have taken input from industry and consumer representatives and are finalising the tender document for the independent evaluators.
4. We published the guidance in late 2024.
5. We are working closely with the FCA and expect to issue a joint call for views in the summer or early autumn.
6. Given ongoing litigation over our powers to impose a price cap, we are pausing any further consultation or decision regarding a potential interim price cap. We will provide a further update towards the end of 2025.
7. Progressed work as co-chair of the Joint Regulatory Oversight Committee. After the NPV was published, we continued to work alongside the FCA as lead and a new joint steering group has been set up to continue this work.
8. Continuing to support the VRP implementation group in the Phase 1 expansion of VRPs to support utility bill, financial services and government payments.
9. The reimbursement requirement was implemented successfully, offering higher protection to victims of APP fraud using Faster Payments and CHAPS. Work is ongoing to consider implementation requirements for VRP, including on dispute resolution.
10. We published our consultation but haven't yet published our final approach to supervision.
11. We published a statement of policy on our CBA framework, having previously consulted.
12. We have deepened our working relationships, collaborating regularly on issues of common interest, revising our MoU and sharing more in key areas such as horizon-scanning. To support a streamlined and joined up regulatory landscape, we will continue to develop this collaboration, particularly with the FCA as we become a single organisation.
13. We have devoted significant attention to enhancing our stakeholder relationships, with a Head of Department taking overall responsibility for these relationships and an active process of outreach and engagement.
    We have significantly enhanced our international focus, with new resources and a broad ranging programme of international engagement.
14. We have continued to engage with the NPV process, providing our support and assistance to the PVDC. Since last year's Annual Plan, our focus has moved from the NPA to the infrastructure strands of the NPV, as that is now the focal point for ensuring that the UK's retail payments infrastructure delivers for the future.

Our outcome indicators

In our 2022 strategy, we set out indicators that we could use to assess our progress. We wanted to establish whether payment systems in the UK are moving closer to or further away from the outcomes we wanted to see.

Since 2022, the payments landscape has changed, and there have been changes to our work programme. There is also a lack of available data in some areas. We have set out here the indicators we think are most relevant to the outcomes we want to see, now and beyond our integration with the FCA. These are areas where we consider that reliable quantitative and qualitative information is available. We also set out our areas of focus, so we can be clearer about the contribution we are making to those outcomes.

We recognise that there is no perfect set of indicators, and they are not intended as a comprehensive competition assessment of payment systems. They do not separate the impact of PSR actions from change caused by external factors. Taken in the round, however, they provide a useful indication of progress as we take our work forward.

Indicator	Key findings	Our areas of focus
Satisfaction levels of end users	Consumers are largely satisfied with payment systems: as we found in our consumer research, conducted by Thinks between December 2024 and January 2025, the vast majority (95%) feel that payments are working well. However, some report experiencing limited choice (39%) and can feel frustrated when cash or card is not accepted by vendors, or when there are few available cash machines. Fraud remains a major concern, with 41% worried about the possibility of being a victim. Meanwhile, from our engagement with merchants, many report that card payments work well, but some have raised concerns around the cost of accepting them, which we have considered as part of our market reviews. Of course, we are mindful that satisfaction can be influenced by a range of factors. We also recognise that different users have different experiences, interests and priorities.	Overall consumer satisfaction levels are high, representing a positive benchmark, albeit with concerns from merchants around choice. This shows the importance of our continued focus on promoting greater choice and competition in retail payments, and implementing greater protections against fraud to maintain consumer confidence.

Indicator	Key findings	Our areas of focus
The degree of competition in retail payments	Cards remain by far, the most prevalent form of retail payment. In 2023, consumers made 2.6 billion credit card and 15 billion debit card payments. This represents 80% of total retail payments, with a 2% increase on 2022 figures (as reported by UK Finance in its 2023 and 2024 Payment Markets reports). That said, we are seeing a rise in the use of open banking. According to the Open Banking Impact Report of May 2025, as of March 2025, there were 13.3 million active users of open banking-enabled products in the UK, up by 40% on the previous year, and that 31 million open banking payments were made in that month alone. This is equivalent to one in 13 of all Faster Payments.	In our strategy, while reflecting the popularity of cards, we identified a risk to competition in retail payments markets – which has not changed significantly. One of the ways we are working to increase choice and competition is by driving forward open banking payments. While open banking is not being used extensively in retail settings, it has the potential to be in the future – and will remain a key focus of our joint working with the FCA. We will continue to focus on the development of open banking-initiated payments to provide strong competitive alternatives, and on variable recurring payments in particular. We will also continue to monitor the impact of market developments and new products – such as VISA's announcement around bringing a new account to account service to UK customers later in 2025.
Access to payment systems	Most PSPs access payment systems either through: • direct access – where the PSP has an arrangement in place with the PSO • indirect access – where the PSP has an arrangement with another PSP with direct access to the payment system. According to Pay.UK data, the number of direct participants in interbank payment systems has grown from 38 in 2021, to 46 in 2025. However, we have received feedback from the fintech community that the indirect access model presents challenges for new entrants. More generally, we have heard some concerns from smaller firms about challenges in gaining access to payment systems.	To increase the likelihood of positive outcomes for end users, we want to see healthy competition between those who offer them payment services. This means ensuring their ease of access to payment systems and schemes. This is why we issued two general directions pertaining to fair access. As part of our innovation focus, we will continue monitoring whether barriers to direct and indirect access exist, and we will look at any indications of access restrictions to the new systems and schemes (for example, for open banking services). The PVDC is also considering future central infrastructure requirements, where upgrades could facilitate simplifying access for PSPs. We will continue to support this work.

Indicator	Key findings	Our areas of focus
Rates of APP fraud (volume and value) and reimbursement rates	In October 2024 we introduced our reimbursement requirement, which creates industry incentives to combat APP fraud. So far, we are seeing reimbursement rates improve. We have calculated that in the first three months after implementation of the requirement, 86% of the money lost to APP fraud was reimbursed to victims, totalling around £27 million. This is up from 62% in 2023, as reported by UK Finance (noting this is not a direct comparison due to methodology differences). The number of APP scams reported by consumers appeared to fall in the first three months after implementation, compared to the same period in 2023 (UK Finance reports). We have also found no evidence of increased first party fraud.	Effective implementation and monitoring of our APP fraud policies will continue to be a key priority. We are commissioning an independent review of our policies to start in October, which will provide a deeper evaluation of their impact, including any unanticipated effects. We have already begun planning and initial stakeholder engagement for this evaluation.

Indicator	Key findings	Our areas of focus
Interest of investors and innovators (including fintechs) in the UK payments sector, and the role of payments in supporting economic growth	The Future of Payments report, published in 2023, said that the payments fintech sector is large, commercially significant, and a growing British success story in global financial services. Innovate Finance, inputting to the report, said there are as many as 1,200 companies in the UK operating in this area of financial services, making it the second largest of all fintech verticals. They have attracted £20 billion of investment funding and are estimated to have been growing (by number of employees) by 46% per year over the last 15 years. As of 2025, the UK maintains its fintech investment leadership position as second globally and first in Europe. It attracts more capital than anywhere else in the world other than the United States, and more capital than the next five European countries combined (Innovate Finance Global Fintech Investment Report 2024). The government also recognised payments as a crucial enabler of growth, as set out in the NPV.	Our findings on the attractiveness of the UK for investment in payments are positive overall. However, there is more we can do to support economic growth. We are responding to appetite from the fintech community for a clear and consistent direction of travel, set by government and regulators, to instil business confidence and encourage investment. We have launched and will continue to operationalise a new contact point for innovators, where payment systems regulation impacts on innovation – collaborating with the FCA. We will continue to engage proactively with innovators to gather insights on what enables or hinders innovation to inform our regulatory approach. We set out our ambitious agenda to support economic growth in our letter to the Prime Minister in January 2025. As well as delivering these commitments, we will develop our understanding of the contribution of payments to economic growth, building on the FCA's work on growth in financial services. This will help us to further focus on actions to support economic growth.

Our organisation


12
Endeavour
Square

Statement on section 172(1) of the Companies Act 2006

Section 172(1) of the Companies Act 2006 requires directors to act in a way that they consider would promote the success of the company. Sub-sections 172(1) (a) to (f) list specific matters they must take into account. This section explores our board's consideration of these matters, including its engagement with stakeholders during the year, and how this helped us deliver better outcomes for payment system users.

The likely consequences of any decision in the long term

Our directors recognise that the decisions they make today will affect the PSR's long-term success. Details of the board's particular areas of focus for 2024/25 are on page 60. The board also considers feedback it hears from stakeholders such as:

- the PSR Panel, via reports from the panel's Chair presented to the board, and on policy proposals that have been shared with the panel
- the FCA CBA Panel, seeking its advice on the development of our policy statement and of individual CBAs
- consultation papers before confirming new or amended directions
- updates on engagement with stakeholders such as regulated firms and trade associations
- the Chair and Managing Director giving evidence before the Treasury Select Committee
- inviting stakeholders to attend board meetings and away days to discuss topical issues

We prioritised the Annual Plan commitments in our Annual Plan and Budget 2024/25 and have specified how we progressed these commitments on page 23.

The interests of the company's employees

We offer attractive salary and benefits packages and offer support through our range of family benefits, wellbeing, and diversity, equity and inclusion initiatives.

Our People Strategy's components are:

- growing leadership, management and key skills
- building a high-performance organisation
- enabling a collaborative and engaging working environment

We give our people extensive opportunities to develop skills in economic regulation, financial services, payments and innovation and broader professional skills. These help our employees perform at their best.

Our aim is to continue to invest in diverse teams capable of dealing with the tough challenges we face, while reflecting the society we operate in.

As we transition into the FCA, we recognise that some of our people may feel uncertain. We are answering their questions and giving clarity as soon as we are able, developing a package of support measures.

The need to foster the company's business relationships with suppliers, customers and others

Our key stakeholders include consumer and industry representative groups; businesses that use and rely on these systems like merchants; payments companies such as the PSOs, PSPs (including banks and third-party payment processors) and infrastructure providers.

We work closely with stakeholders to ensure we build the right conditions for innovation to thrive, leading to the right outcomes for everyone.

We work alongside other financial regulators, such as the FCA, the Bank, the Treasury, the CMA, the Digital Markets Unit, the UK Competition Network and the UK Regulators Network to foster secure and resilient ways to pay. We aim to provide informed and appropriate protection to end-users in a fast-changing world.

To meet our objectives efficiently, we continue to use FCA operational services where appropriate to create value for money for fee-payers. We can take advantage of the scale, scope and established practices of the FCA through a provision of services agreement. In preparing for the PSR transition into the FCA, during the next year we will be looking at further opportunities to use FCA services to support delivery of the PSR Annual Plan.

The impact of the company's operations on the community and the environment

The board, together with our executive, oversees our strategies for community engagement, diversity and inclusion, and sustainability.

Our diversity in 2024/25

- Gender diversity is reflected across our non-executive directors, with 50% of the roles held by women including the position of Chair.
- Gender diversity across both executive and leadership teams is above 50%. Our target is to maintain a balance of 50% women in the leadership team.
- From April 2024 to March 2025, the PSR's overall gender split was 56% female and 44% male.
- We are committed to achieving at least 8-15% minority ethnic representation. This increased by 2.5% in 2024/25 to 25.3%.

This year, we continued to strengthen our relationships with organisations that help us advertise our vacancies to candidates from under-represented backgrounds. We successfully broadened our candidate pool and continued to meet our targets for building and maintaining a diverse workforce.

We recognise and celebrate our diverse workforce and support network groups aimed at sharing experiences, improving policy and fostering inclusion.

We also provide support to our people through our wellbeing framework. An employee assistance programme offers our people physical and mental health support via a 24-hour confidential helpline, structured counselling and an online health portal.

This year's gender pay gap data is detailed in the FCA Pay Gap Report 2025.

We are proud signatories of the Women in Finance Charter and the Social Mobility Pledge. We hold Level 2 Carer Confident accreditation from Carers UK.

We are committed to interviewing all disabled applicants who apply under the Disability Confident scheme and meet the minimum criteria for a vacancy. Further information is available on our website.

We contributed to our local community through volunteering programmes and our work with our newly nominated local charity, Shelter From The Storm. We have raised £385 since partnering in December 2024.

Through our joint environmental strategy with the FCA, we are committed to running a sustainable operation that minimises our environmental impact. The FCA and PSR Net Zero Transition Plan was published in July 2023.

The environmental impacts, targets, performance, and strategies of our operations are reported internally as part of the Environmental Management System.

The FCA and PSR share office premises in London, and the FCA shares environmental performance, policies, and actions with us through a service level agreement and collaboration.

Read more about our environmental sustainability work in the FCA annual sustainability report.

The desirability of the company maintaining a reputation for high standards of business conduct

The board is committed to providing strategic leadership and direction within a framework of robust corporate governance and internal control. We believe our culture, values and standards help us achieve our statutory objectives.

The PSR values define the behaviours that demonstrate what our organisation stands for.

Integrity

We are professional, honest and responsible. We respect our colleagues and stakeholders and we have the courage to make evidence-based decisions and do as we say.

Unity

We act as a community, being supportive and respectful to each other. We have a positive attitude and communicate well.

Knowledge

We encourage and support each other. We strive to develop ourselves and our team, learn new things and take on the lessons learned from every piece of work.

Purpose

We think strategically, looking ahead and prioritising our work. We are proactive and take pride in what we do.

Engagement

We are open with each other and take part in what's happening around us. We recognise and celebrate success together with enthusiasm.

We use our values as key elements for assessment for recruitment, and as part of our ongoing performance discussions. We also measure positive behaviours against our values for our At Our Best recognition awards, which reward individuals and teams for significant achievements and positive impacts. Within these values, we will focus on ensuring a smooth transition to the FCA.

The need to act fairly as between members of the company

As a wholly owned subsidiary of the FCA, the PSR has only one member.

Principal risks and uncertainties facing the PSR

Many factors influence UK payments, such as changes to payment systems technology and legal developments in the UK and internationally. These create risks and opportunities that could affect our ability to achieve our strategic outcomes and statutory objectives.

The PSR's consolidation primarily into the FCA is a pragmatic, positive step. We intend to keep a full focus on delivering against our Annual Plan and statutory objectives. However, we understand there could be uncertainties around our role and objectives during the transition period, particularly amongst external stakeholders.

We will communicate with stakeholders throughout the process, working closely with the FCA to support a smooth transition. We are planning detailed activities to minimise any disruption to our operations during the transition and beyond. We have a joint programme board focusing on all aspects of transition.

Principal external risks (risks of harm)

We are continually reviewing a broad range of intelligence, through various horizon-scanning activities and through our extensive stakeholder engagement (both domestic and international), to capture external developments and update our risk analysis. This includes analysis of political, economic, social, technological, legal and environmental factors, to help us contextualise changes which may impact our strategic objectives.

Key themes include the government's growth agenda, which is well aligned with our focus on building trust in payments and fostering competition. Upgrading the existing interbank infrastructure to support future innovation and competition in the payments ecosystem is also critical. It is challenging to secure agreement among the whole payments ecosystem to move forward at pace, given different priorities. The role of the PVDC in progressing the NPV is an important part of addressing these risks, which cannot be effectively managed by any single party alone.

Technological advancements are moving at pace and, if it is too inward-looking, the UK risks being left behind. We recognise that technological innovations driven by industry, such as digital wallets and AI, are transforming payments, offering convenience but also posing risks, such as fraud.

Risks we are currently tracking include:

- **Barriers to innovation and competition in payment systems that arise from the economic characteristics of payment systems (that is, the need for coordination between parties to deliver change)**. We are addressing this through:
  - our active engagement in the NPV, which outlines three key pillars designed to guide future activity – innovation, competition and security
  - the enhanced focus on innovation we announced in our strategy update
- **Big tech's continued expansion into payments and the digital wallets market:** This provides both opportunities and risks. Following our joint working with the FCA to explore the role of digital wallets, we continue to engage closely with the CMA on its ongoing investigation into mobile ecosystems – which includes digital wallets.
- **Fraud risks for users:** While acknowledging that the lead role for addressing fraud is through the FCA following the NPV and the Treasury's accompanying recommendations letter, we are continuing to monitor relevant developments (such as AI) and to work with industry to address APP fraud. We will commission an independent review of our recent reimbursement rules to assess their impact in practice and whether any changes are needed to ensure strong consumer protections. We are already actively developing the work needed to commission the independent evaluation, engaging with stakeholders across the ecosystem for views.
- **The impact of a small number of parties fulfilling core roles in payments, including particularly the building and operation of key payment system infrastructure:** Understanding the potential impact of individual parties on the effective operation of the payments market is critical to our work. Through our horizon scanning and regular supervision engagement, we ensure that we anticipate issues that may emerge so that we can act where it is proportionate to do so.

We continue to review our external risks through our risk management process, which includes actively monitoring external changes – both for risks and opportunities – as well as internally reviewing how we mitigate these risks.

Principal internal risks (own risks) and examples of mitigations

Our risk management framework (RMF) provides guidance for consistently documenting, assessing, managing and reporting risks. In 2025 we have introduced a new, more comprehensive RMF and a new risk and audit software system, which will better guide colleagues in consistent recording and escalation of risks. The RMF is based on the FCA approach to risk management and the new risk system was designed alongside the new FCA system, making both future-proof for colleagues transferring from the PSR to the FCA.

Our Chief Risk Officer reports regularly to our executive and board committees on risks, trends, themes and controls. We are maturing our risk management culture and enhancing our control environment.

While most risk themes remained broadly consistent in 2024/25, we face new risks related to the transition of our work primarily to the FCA. This means that public confidence remains a key risk to mitigate.

Our executive leadership team monitors strategic (principal) risks which have the greatest potential impact on the organisation. This facilitates discussion and enables action to be taken to ensure that these risks are effectively managed.

Our key principal risks are:

Consolidation (new)

Key risks

While we wait for the necessary legislative changes to be drafted and processed, we are planning for consolidating the majority of the PSR into the FCA.

- Legislative changes may take time, affecting plans for transition of work
- There may be a lack of robust and clear transition plans
- Transfer of information and data to receiving regulatory bodies may be Ineffective, untimely or inadequate
- Engagement with key stakeholders may be ineffective
- Transition related activities diverting attention and resource from our core work plan

Key controls

- A joint FCA and PSR transition programme board has been appointed to coordinate planning and decision-making on transition of work
- We are ensuring that consistent and regular engagement is in place between the financial services regulatory family, the Treasury, and key external stakeholders
- We are monitoring the progress of our work programme through regular portfolio, finance and HR updates
- Our internal communications approach enables regular, transparent communication with our people during the transition

People and culture

Key risks

The consolidation announcement has raised people risks around retaining the skills, capabilities and resources needed to deliver our strategic aims.

- We may not be able to flex resources to support the highest-priority work
- Focus may shift from maintaining the capabilities and capacity needed to continue to deliver our work programme
- Our internal engagement and communications with colleagues on transition arrangements may not be sufficient to retain talent
- We may face a drop in productivity if PSR colleagues are distracted by transition activities
- We may lack the delivery and project management capabilities needed for efficient delivery
- The culture of the organisation may deteriorate during a period of uncertainty

Key controls

- We have mechanisms in divisions and across the organisation to prioritise changing demands
- We have budget allocated for continued upskilling and developing of colleagues
- We are investing in planning and project delivery upskilling
- We are focusing on development around building personal resilience and managing change

Public confidence

Key risks

- Operating in a changing regulatory landscape could weaken the PSR's position. Until legislation is passed to enable change, we need to maintain the ability to credibly influence and continue to deliver
- A busy financial services regulatory landscape could cause confusion for stakeholders
- The balance of demonstrating a strong contribution to sustainable economic growth, whilst delivering against our broader statutory objectives, is key to ensuring public confidence
- Regulating in a fast-paced industry means we need to stay informed about domestic and international developments and innovation

Key controls

- We are continuing to focus on our domestic stakeholder engagement strategy and investing in strategic international engagement
- Our supervisory work is based on engagement
- We maintain a continued emphasis on ensuring fair process and decision-making in our work
- We continue to listen and appropriately respond to perspectives and challenges from industry and wider stakeholders
- We are contributing to the NPV, which will enable a more streamlined regulatory approach and support growth
- Strong focus on the commitments we have made to support sustainable growth

Information and data

Key risks

- We continue to explore ways to improve our information, data and knowledge management capabilities to minimise the risk of data loss, information retrieval and mishandling
- We face risks that our information and data are not adequately protected, or conversely, not easily accessed and used
- Monitoring these risks and taking mitigation actions will prepare us for information transfer during consolidation

Key controls

- Colleagues have mandatory training on information management and acceptable usage annually
- We have implemented improvements to our records management system to increase usability
- We provide ongoing awareness and training on information handling, storage and disclosure responsibilities through our 'Do No Harm' campaigns
- We promote the use of approved knowledge management tools and resources
- We are implementing a new email deletion policy to better align with GDPR recommendations

Whistleblowing received by the PSR

In the current reporting period (1 April 2024 to 31 March 2025), we have the following to report:

- We received three disclosures of information for assessment as a potentially qualifying disclosure. We treated all of them as qualifying disclosures from workers that fell within our remit as a prescribed person.
- Two of these disclosures did not fall within matters in respect of which the PSR is prescribed. One of these disclosures fell within matters in respect of which the PSR is prescribed, following an investigation there was no case to answer.

There is further information about the PSR and whistleblowing at www.psr.org.uk/psr-approach-to-whistleblowing/

Financial overview

Analysis of performance during the year

Table 1: Income and costs

Total	2025 £'000	2024 £'000	Year-on-year change
Fee income	25,251	26,718	(1,467)
Interest and other income	923	620	303
Total income	26,174	**27,338**	(1,164)
Staff costs	(20,286)	(15,533)	(4,753)
Administrative costs	(7,773)	(7,236)	(537)
Total operating costs	(28,059)	**(22,769)**	**(5,290)**
Profit/(loss) for the year	**(1,885)**	**4,569**	(6,454)

For 2024/25, we set a budget of £28 million (2024: £27 million), a modest increase from 2023/24 which reflected our higher operating costs.

Although costs are in line with the £28 million budget, unplanned other income reduced the loss for the year, meaning that we used less of our reserves than we had budgeted for. This is made up of interest earned on bank deposits, driven by rises in interest rates throughout the year. We also recovered costs from Competition Appeal Tribunal-related work.

On 31 March 2025, we had an accumulated surplus held in reserves of £5.0 million, a reduction of £1.9 million from March 2024. We will use up to £1.0 million of reserves in 2025/26. This will reduce the annual funding requirement and minimise the burden on fee-payers.

We will continue to hold the remainder in reserves to address any risks, uncertainties or new priorities that may arise during the period of transitioning to the FCA.

Figure 1 on page 49 shows a breakdown of our operating costs. Overall, operating costs have increased by £5.3 million to £28.1 million (March 2024: £22.8 million). This is largely due to the increase in staff we needed to hire in order to deliver our objectives.

Our staff costs make up 72% of our cost base and our headcount was 189 at the end of this financial year, compared to 165 on 31 March 2024. Growing our team has strengthened all aspects of the PSR, in particular bolstering our regulatory policy capacity and establishing our supervision, compliance and monitoring capability.

Our fee income decreased in 2024/25 as we budgeted to use previous years' reserves to minimise the impact on the fee-payers.

The year-end cash position is £14.8 million (2024: £14.6 million). The FCA collects fees on our behalf and pays the balance over on a weekly basis.

As at 31 March 2025, the FCA had invoiced £10.9 million of on-account fees, of which £8.9 million had been collected and £7.7 million had been remitted to the PSR.

Despite considerable uncertainty throughout the year, the PSR has been successful in keeping to budget and reducing the fees required from industry in the coming year.

Analysis of total income and operating costs

Income

Table 2: Income breakdown 2024/25

Total income	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Fee income	25,251	26,718	18,048	17,203	16,848
Interest and other income	923	620	126	29	88
Total	**26,174**	**27,338**	**18,174**	**17,232**	**16,936**

We do not receive funding from the government. We are funded by fees from the participants in the regulated payment systems. We currently regulate using an 80:20 volume-to-value ratio calculation and the 2024/25 fees were gathered using this method.

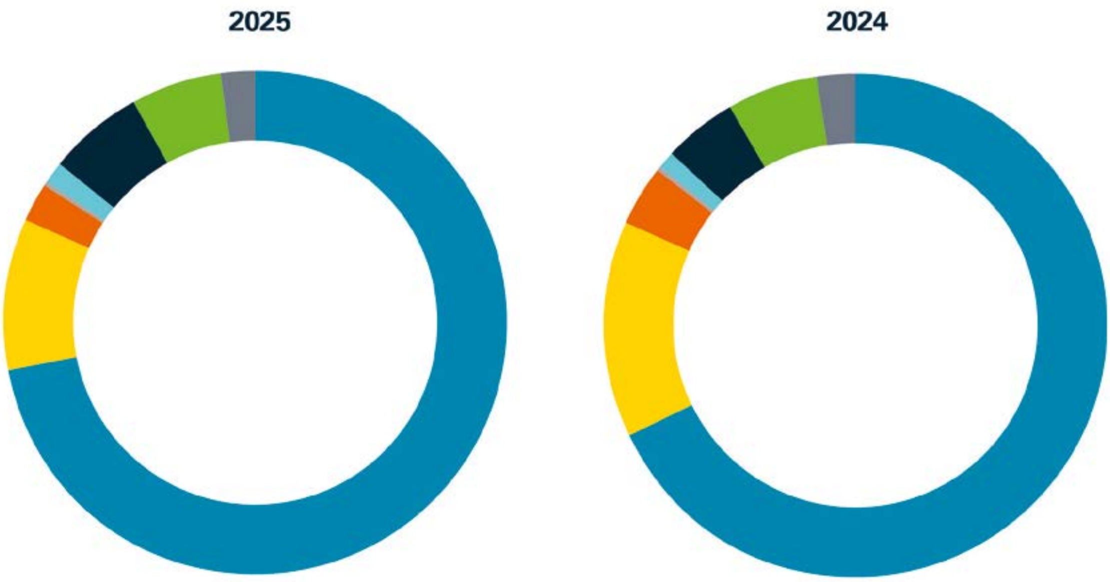
FSMA enables the FCA to raise fees, and FSBRA allows it to raise fees on our behalf to recover the costs of carrying out our statutory functions.

Operating costs

Table 3: How we spend our money

Operating costs	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Staff costs	20,286	15,533	12,112	10,842	11,208
Professional fees	2,733	3,138	5,327	2,700	1,062
Recruitment, training and wellbeing	699	888	718	166	403
Travel and hospitality	40	31	17	8	3
Other costs	395	226	140	141	153
FCA recharges: IT running costs	1,703	1,051	799	957	1,046
FCA recharges: Accommodation and office services	1,650	1,393	1,346	1,350	1,359
FCA recharges: staff	553	509	536	559	598
Total	**28,059**	**22,769**	**20,995**	**16,723**	**15,832**

Figure 1: Breakdown of operating costs



Directors' report


FCA
FINANCIAL
CONDUCT
AUTHORITY
PSR
Payment
Systems
Regulator

The directors present their report for the year ended 31 March 2025.

Some information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

Details of the directors who held office during the year are in Table 4 in the corporate governance statement (page 62).

The directors explain in their statement on page 52 and in the corporate governance statement (page 58) how they have performed their duty to promote the success of the PSR, under section 172 of the Companies Act (CA) 2006. These statements include details of how the directors have engaged with employees and external stakeholders.

Our Annual Plan and Budget for 2025/26 explains our programme of work for the next 12 months and is on our website.

The PSR has no branches or subsidiaries outside the UK.

Directors' responsibilities

In accordance with applicable law and regulations, the directors are responsible for preparing the Annual Report and the financial statements. The Companies Act 2006 requires the directors to prepare financial statements for each financial year.

Under that law, the directors have chosen to prepare financial statements in accordance with International Financial Reporting Standards, as adopted by the UK. The financial statements are required by law to give a true and fair view of the company's state of affairs and its profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable International Financial Reporting Standards, as adopted by the UK, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that show, with reasonable accuracy, the financial position of the company and enable the directors to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

As far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware
- they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and establish that the auditor is aware of that information

The directors are responsible for maintaining and ensuring the integrity of the corporate and financial information on the company's website. UK legislation that applies to preparing and distributing financial statements may differ from legislation in other jurisdictions.

The directors confirm that the Annual Report and Accounts are, as a whole, fair, balanced and understandable.

Going concern and key financial risks

On 11 March 2025, the government announced that the PSR will be abolished and mainly consolidated into the FCA.

At the time of signing these financial statements, the timeline that this will be achieved in is unclear. The directors currently expect a Bill formalising the abolition of the PSR to be presented before Parliament in late 2025. There is then expected to be a transition period once this Bill has received Royal Assent and passed into law as an Act of Parliament.

The directors consider that the PSR will remain a going concern for the next financial year and conclude that using the going concern basis is appropriate in preparing its financial statements.

The PSR was created under statute (FSBRA) to discharge certain duties through statutory powers. As expressed in the government's statement, these statutory powers are expected to continue and be mainly transferred to the FCA.

Therefore, the PSR will exist and be suitably funded until this point.

However, the directors have concluded that in the context of the Companies Act 2006, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern beyond the next financial year.

The PSR is a subsidiary of the FCA, so its financial resilience is closely connected to the FCA's. In preparing the FCA and PSR financial statements, the FCA board directors performed a going concern assessment, covering the period from 1 April 2025 to 31 March 2027.

This included a robust assessment of the key emerging and principal risks, taking into consideration the FCA's Business Plan 2025/26 and the PSR's Annual Plan and Budget 2025/26. The risks and uncertainties are below:

Liquidity risk: is the risk that the FCA is unable to meet its payment obligations associated with its financial liabilities as they fall due.

In response to this risk, the FCA is well placed from a liquidity perspective, with cash and deposits of £393 million and an available overdraft facility of £100 million (reduced to £50 million in June 2025) at 31 March 2025, sufficient to meet its short-term payment obligations when due or otherwise fund its ongoing operations. The PSR has cash and deposits of £14.8 million, which are ring-fenced within the FCA total.

Cash flow risk: is the risk that the FCA's cash inflows are insufficient to cover outgoing cash obligations over a long-term horizon.

In response to this risk:

a. The FCA's Annual Funding Requirement (AFR) is based on the forecast ongoing regulatory activities expenditure, exceptional project costs and the funding of capital expenditure. Where the AFR is insufficient to cover these cash obligations, the FCA will consider the utilisation of existing cash balances held.

b. The FCA's strong fee covenants are underpinned by the statutory powers granted to it to raise fees to fund its and the PSR's regulatory activities.

Credit risk: is the risk that arises from the collection of fees from the financial services industry and the failure of a counter party to perform its financial obligations in respect of the placement of firm fees as deposits, including a failure to do so in a timely manner.

In response to this risk:

a. The FCA has a strong record of collecting fees with bad debt experience averaging 0.5% (2024: 0.6%) of total income (excluding interest and finance income).

b. The FCA only invests with financial institutions which, among other things, meet its minimum credit rating as assigned by credit rating agencies. The FCA also spreads its deposits across a number of counter parties to avoid the concentration of credit risk.

Significant accounting judgements and key sources of estimation uncertainty: The directors considered the following key accounting estimates and judgements for the FCA (the PSR has no significant accounting estimates or judgements):

- the assumptions underpinning the measurement and valuation of intangibles and right-of-use assets, lease liabilities and dilapidation provisions[1]
- the assumptions underpinning pension assets and obligations[2]
- the assumptions relating to provisions and contingent liabilities under the Complaints Scheme[3]

The FCA and PSR's risk committees oversee our respective work on identifying and mitigating risk relating to their own organisations. The associated procedures are described in more detail in the section on internal controls on page 67.

1 Notes 8, 9, 13 and 19 of the FCA Financial Statements.

2 Note 18 of the FCA Financial Statements.

3 Note 19 of the FCA Financial Statements.

It is the FCA board directors' opinion that the FCA is well-placed to manage any possible future funding requirements pertaining to its regulatory activity and has sufficient resources to continue its business for the foreseeable future.

They conclude that using the going concern basis is appropriate in preparing its financial statements. There are no material uncertainties related to events or conditions that may cast significant doubt about the FCA's ability to continue as a going concern.

The PSR directors conclude we have adequate resources (cash liquidity and the support from the FCA) to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts until such time that legislation formalising the abolition of PSR is enacted and noting the material uncertainty related to going concern as discussed above.

Events after the reporting period

There were no material events after the reporting period.

Directors' indemnities

Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were in force during the course of the financial year that ended on 31 March 2025 and remain in force at the date of this report.

Under FSBRA, we have the benefit of an exemption from liability in damages for anything done or omitted in relation to the exercise or purported exercise of our statutory functions, provided that such acts or omissions are in good faith and do not infringe section 6(1) of the Human Rights Act 1998. This is supplemented with indemnities given by the PSR for the protection of individual employees, including directors.

Political donations

The PSR is independent of government. As such, the PSR did not give or receive any money for political purposes in the UK, nor did it make any political donations to political organisations or to any independent election candidates or incur any political expenditure during the year.

Auditor

FSBRA requires the company's accounts to be examined, certified and reported on by the Comptroller and Auditor General.

Accordingly, the Comptroller and Auditor General was auditor throughout the year.

By order of the board on 25 June 2025.

Sarah Day
Company Secretary

4 July 2025

Corporate governance

Corporate governance statement for the year ended 31 March 2025

Introduction

This section of the report details the board's composition and governance structure. It explains the board's role, its performance, ongoing professional development and succession planning. Given the recent announcement in terms of the PSR's consolidation primarily into the FCA, there are certain aspects of the Board's role that must now focus on that transition. Where relevant this is outlined below.

The PSR is funded by the regulated payments industry through statutory fee-raising powers. We are independent of government, but accountable to government and Parliament through obligations set out in FSBRA. We consult with industry participants and users on our practices and policies and how our objectives may be best achieved, including through engagement with the PSR Panel (see page 71).

The PSR is a wholly owned subsidiary of the FCA. We share operational functions and support with the FCA through a provision of services agreement, which is reviewed annually. All PSR staff are employed by the FCA and designated to the PSR.

This report sets out how we are governed in line with the principles of the UK Corporate Governance Code (the Code). The board considers that we maintain high standards of corporate governance and comply with the Code as far as is appropriate, recognising that parts of the Code are not applicable to the PSR.

The statutory framework set out in FSBRA enables the ability to raise fees to recover the costs of carrying out our statutory functions, so the board considers the requirement to explain how it has assessed the prospects of the PSR and any related disclosures under provision 31 of the UK Corporate Governance Code does not apply.


PSR
Payment Systems Regulator

The role of the board

The board is our governing body, responsible for the strategic direction and governance of the organisation. The board has, and will continue, to provide strategic leadership to ensure the PSR exercises its functions, while coordinating closely with government and the FCA to support the consolidation process.

The Managing Director is responsible for implementing the strategy agreed by the board, as well as leading the organisation and managing it within the authorities delegated by the board.

The board's role includes:

- determining the matters that should be reserved to it for decision, which shall include the exercise of the PSR's functions of giving general directions and imposing generally imposed requirements under sections 54 and 55 of FSBRA and other matters as set out in the Schedule of Matters Reserved to the board from time to time
- making strategic decisions affecting the future operation of the PSR
- overseeing the discharge by the executive management of the day-to-day business of the PSR
- setting appropriate policies to manage risks to the PSR's operations and the achievement of its regulatory objectives
- seeking regular assurance that the system of internal control is effective in managing risks in the manner it has approved
- maintaining a sound system of financial control
- taking specific decisions, outside those specified in the Schedule of Matters Reserved to the board, which the board or executive management consider to be of a novel or contentious nature or to be of such significance that they should be taken by the board
- maintaining high-level relations with other organisations and authorities, including government, the FCA, the Prudential Regulation Authority, the Bank, and the CMA
- establishing and maintaining arrangements to ensure accountability regarding decisions of committees of the board and executive management, through periodic reporting

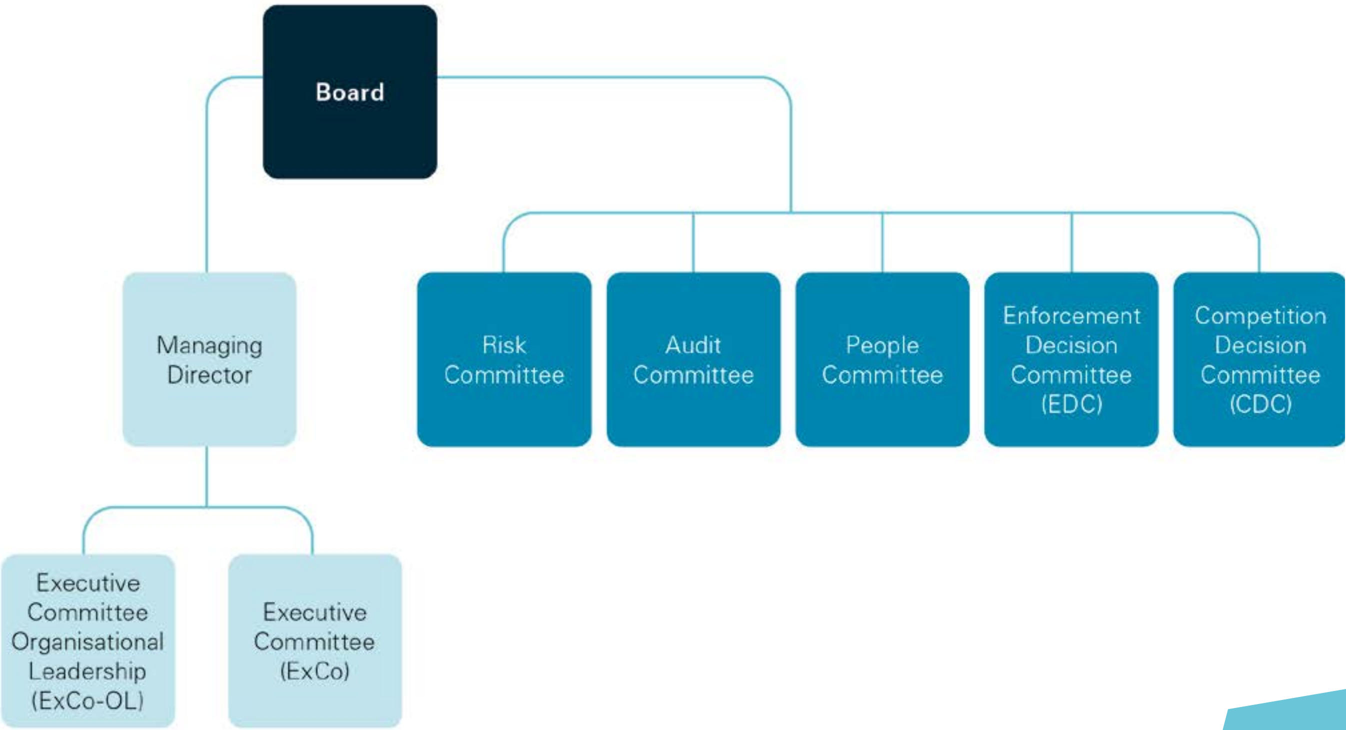
The board is supported by a number of committees to achieve the efficient discharge of its functions and facilitate effective decision-making. These committees are shown in Figure 2 and their activities are described in more detail in *Committee structure of the PSR* on page 67.

There are mechanisms in place to ensure that board committees are accountable to the board. For example, the chairs of board committees report on the work undertaken by their committee at the following board meeting.

Our executive committees also play an important role in our overall corporate governance, as shown in Figure 2.

Our website gives more information on our governance arrangements as detailed in our 'Corporate governance of the PSR Limited' document:

Figure 2: The PSR's governance framework



Senior Managers and Certification Regime

The Senior Managers and Certification Regime (SM&CR) does not formally apply to us. However, as a matter of best practice, we have a formal description of the core responsibilities of members of our board and those carrying out senior management functions.

Our website has more details on how we apply the SM&CR.

Members of our board

The composition of our board is set out in FSBRA and, consistent with those requirements, currently comprises:

- the Chair, appointed by the FCA with the approval of the Treasury
- the Managing Director, appointed by the FCA with the approval of the Treasury
- other members, who are all non-executive directors, appointed by the FCA

The directors who served during the year are shown in Table 4.

Table 4: Board members during the reporting year

Name		Original appointment date	Expiry of current term/date membership ceased
Aidene Walsh[4]	Non-executive - Chair	01/06/20	25/01/26
David Geale[5]	Non-executive Director Executive Director - Managing Director	14/02/20 10/06/24	07/06/24 tbc
Chris Hemsley[6]	Executive Director - Managing Director	02/09/19	07/06/24
Andrew Buckley	Non-executive Director	23/09/24	22/09/27
Edward Knapp[7]	Non-executive Director	18/09/23	25/09/25
Sheldon Mills[8]	Non-executive Director	13/06/24	12/06/27
Faith Reynolds	Non-executive Director	12/04/21	11/04/24
Simon Ricketts[9]	Non-executive Director	01/07/17	30/06/24
Jessica Rusu[10]	Non-executive Director	11/11/24	10/11/27
Lara Stoimenova	Non-executive Director	07/03/24	06/03/27
Tommaso Valletti[11]	Non-executive Director	01/04/20	04/11/25
Joanna Whittington	Non-executive Director	01/09/23	31/08/26

A majority of our board members are non-executive and bring extensive and varied experience to the board and its committees. Simon Ricketts continued as the Deputy Chair[12] until he stood down when his final term ended in June 2024. Edward Knapp then took up the role. Faith Reynolds also stood down from the board when her term ended in April 2024.

A recruitment campaign was held to maintain the ongoing capacity of the board, and the board welcomed Andrew Buckley in September 2024, who brings a wealth of commercial experience. As we continue to work more closely with the FCA, the board has also welcomed Sheldon Mills and Jessica Rusu, both executive directors of the FCA, with responsibility for consumer and competition issues, and data, technology and innovation respectively.

Following Chris Hemsley's departure, David Geale stood down as a non-executive director and was appointed Managing Director in June 2024, on an interim basis. This was ahead of an open competition for the permanent role which attracted a wide range of applications. David's permanent appointment was announced in July 2025 and was welcomed by the board.

The board is committed to ensuring that diversity is a central feature of its membership and has continued to pay particular attention through the recruitment process to the balance of diversity characteristics as well as relevant knowledge and skills. The balance of the board will continue to be a key area of focus for the remainder of its remit and following this year's appointments, the board is well positioned to navigate the consolidation process.

4 Aidene Walsh was appointed as permanent Chair of the PSR from January 2023. Aidene is also a non-executive director of the FCA

5 David Geale is an employee of the FCA and was appointed for a second three-year term as a non-executive director in December 2022. David stood down as a non-executive director in June 2024 to take up the executive role of Managing Director. David was subsequently appointed the FCA's Executive Director, Payments and Digital Finance (alongside PSR Managing Director) in December 2024 and confirmed in role on a permanent basis in May 2025

6 Chris Hemsley stood down as Managing Director in June 2024

7 Edward Knapp will be stepping down in September 2025

8 Sheldon Mills is an employee of the FCA

9 Simon Ricketts was appointed for a final one-year term in May 2023

10 Jessica Rusu is an employee of the FCA

11 Tommaso Valletti was appointed for a second three-year term in May 2022

12 The Deputy Chair role was previously referred to as the Senior Independent Director

Board meetings and activities of the board

There is a clear division of responsibility between the running of the board and the executive running of the organisation. The Chair leads the board and ensures its effectiveness, while the Managing Director is responsible for implementing the strategy agreed by the board, the leadership of the organisation, and managing it within the authorities delegated by the board.

The board has a formal schedule of matters reserved to it and meets regularly in order to discharge its duties effectively. The board addressed a small number of matters by written procedure. Such matters were noted at the subsequent meeting and recorded in the respective minutes. The board has also benefitted from a number of briefing sessions during the course of the year.

Details of the number of board meetings held and attendance at those meetings are in Table 5 (the table reflects the number of meetings available for them to attend, given that their terms began or ended part way through the reporting year).

Table 5: Attendance at board meetings for 2024/25

Name	Scheduled board meetings	Additional board meetings
Aidene Walsh	6/6	5/5
David Geale	6/6	5/5
Chris Hemsley	1/1	1/1
Andrew Buckley	3/3	1/2[13]
Edward Knapp	6/6	4/5
Sheldon Mills	2/5	2/4[14]
Simon Ricketts	1/1	1/2
Jessica Rusu	3/3	0/0
Lara Stoimenova	6/6	4/5
Tommaso Valletti	6/6	4/5
Joanna Whittington	6/6	4/5

13 Andrew Buckley was recused from the Board meeting held on 18 October 2024

14 Sheldon Mills has been unable to attend a number of meetings due to a leave of absence

As detailed in Table 5, the board met on six occasions during the year plus five additional meetings. In addition, the non-executive directors met privately throughout the year without members of the executive present.

The Chair works closely with the Company Secretary to ensure that the board's agendas reflect our business priorities and that the right matters are considered by the board and board committees at the appropriate time.

Papers for board meetings are normally circulated one week before the meeting takes place. Internal processes ensure that matters presented to the board and executive committees have undergone internal stakeholder review and sought external stakeholder engagement, as appropriate.

At meetings, the board considers a number of standard agenda items including: a report from the Managing Director, detailing organisational performance and progress against the Annual Plan as well as updates on operational issues; reports from the chairs of board committees; reports from the Chair of the PSR Panel, and updates from the FCA. The board also considers specific items on strategy, policy and other issues as required.

During the board's deliberations, non-executive directors provide rigorous challenge, holding the executive to account and ensuring that the board's decisions are robust and aligned to our strategy.

The board addressed many issues during the year. The principal areas of activity included:

- discussions on internal and external risk and strategy setting (there is more information on the principal risks and uncertainties we face on page 42).
- developing, approving and delivering our Annual Plan and Budget 2025/26
- approving the finalisation and publication of the APP scams policy package
- progressing the New Payments Architecture, including approving the revocation of Specific Direction 3 which sets the legal requirements for Pay.UK in procuring upgraded infrastructure for payments currently made over Faster Payments
- developing our approach to the NPV and supporting discussions around the future of payments regulation with the government
- a midpoint review of our five-year strategy to ensure it continues to have a positive impact on payment systems
- progressing and publishing the final report on our market review into cross-border interchange fees and an associated consultation paper on potential remedies
- developing and publishing the final report of our market review into scheme and processing fees
- a joint call for information with the FCA to understand the potential benefits and harms associated with the increasing use of digital wallets
- approving the Annual Report and Accounts
- review of the performance objectives and succession of the Managing Director

A record of the board's activities is in our published minutes on our website.

Company Secretary and independent advice

Each director has access to the advice and services of the Company Secretary, who advises the board on company law and corporate governance matters and ensures the board follows appropriate procedures. The Company Secretary is also responsible for providing access to external professional advice for board members, if required.

Succession

The board considers that all of the non-executive directors bring strong independent oversight and continue to demonstrate independence. However, the board recognises the recommended term within the Code and is mindful of the need for suitable succession.

Membership of the board will remain a key area of focus for the remainder of its remit, ensuring the board maintains the necessary capacity, skills and experience throughout the consolidation process and can make representations to the FCA board as required.

Board induction and training

On joining the board, members receive an induction programme which includes information on our governance arrangements, the board's role and responsibilities, its committees and officers, background information on the PSR and our activities and other relevant information.

Structured meetings and briefings with a range of people across the PSR are also organised, to ensure board members have a thorough induction to the board and to the business of the PSR.

There is also a systematic continuing professional development programme for board members. This includes access to relevant professional associations as well as regular individual meetings with the Chair to discuss and give feedback on individual performance.

Board effectiveness

Reviews of board effectiveness are conducted annually. In accordance with good corporate governance practice, these are usually externally facilitated every three years. The last external evaluation took place in 2021 facilitated by Advanced Boardroom Excellence, with a summary published on our website.

In 2023, the board conducted an internal self-evaluation of its effectiveness. The board considered that the results of this review evidenced good progress to improve its efficiency and focus. Several actions were agreed to continue making improvements including practical housekeeping changes to the board process, such as the structuring of agendas and the format of meetings, as well as initiatives to support the board's engagement with the wider organisation.

However, within the flexibility offered by the Code, the preparations previously underway to commission the next externally facilitated review originally planned for 2024, have been paused. This was initially to accommodate the significant number of changes in board membership, including a new Managing Director, and to maintain alignment with the FCA's externally facilitated review. However, given the government's intention to consolidate the PSR and its functions mainly within the FCA, the nature of any future board effectiveness reviews is being considered to ensure that any such exercise is fit for purpose and provides value for money.

In the meantime, the board has adopted a charter which seeks to guide the board on what it does and how it does it, for the remainder of its remit.

Conflict of interests

All board members are required to declare relevant interests in accordance with the Conflict of Interests Policy for Non-Executive Directors, which was refreshed in March 2024. The board took appropriate steps to manage any potential conflict of interests that arose during the year.

A register of interests is maintained by the Ethics Officer.

Internal controls

Our internal control framework remains robust and now includes the following enhancements:

- An improved approach to regular risk and controls self-assessments, highlighting more clearly where controls or mitigating actions need strengthening.
- Overseen by our Risk Committee, in May 2025 we introduced a new and more comprehensive risk management framework (RMF) that will improve consistency in the recording, escalation and reporting of risk.
- In June 2025 we introduced a new risk and audit system, providing a new platform that brings risks, controls and actions into one place. This will provide improved, more efficient reporting, alongside improved transparency of the PSR risk profile.
- An improved incident response policy and process to ensure that value for money issues and risk events are responded to efficiently and appropriately.
- Internal audit provides independent assurance on the effectiveness of our processes, projects and controls to the executive and the board, via the Audit Committee.
- Improved access for staff to the full suite of internal policies and controls through a new internal policy hub.

Acknowledging the government's decision to consolidate the majority of the work of the PSR into the FCA, we will consider whether any future changes to controls and processes are needed to maintain an appropriate controls regime.

Committee structure of the PSR

The board has established standing committees to which it has delegated specific duties and decision-making responsibilities in order to support it in an efficient and effective way.

The board keeps these duties and responsibilities under regular review to ensure that they remain fit for purpose. To this end, the board has reviewed the matters reserved to it and delegated certain decision-making to its committees to support more strategic agenda planning for both the board and its committees.

The committee structure includes the Risk Committee, the Audit Committee and the People Committee as set out in Figure 2.

Risk Committee

The Risk Committee is responsible for the review and oversight of the risks to the PSR achieving its statutory objectives, the appetite for such risks, and the suitability of the scope and coverage of the mitigation used to reduce the potential impact of such risks.

The Committee was established in August 2023 and before this, the board handled these activities directly.

The Committee's principal areas of activity included:

- reviewing and approving its terms of reference
- reviewing and providing steers on the risk management framework
- reviewing the biannual report from the Chief Risk Officer
- reviewing the biannual risk and controls statement of assurance

Table 6: Meeting attendance by Risk Committee members during the reporting year

Name	Scheduled meetings
Simon Ricketts (Former Chair)	0/1
David Geale	1/1[15]
Edward Knapp (Chair)	3/3[16]
Sheldon Mills	0/2[17]
Jessica Rusu	0/1
Aidene Walsh	3/3
Joanna Whittington	2/2

As reported earlier in this statement, Simon Ricketts stood down from the board, and therefore as Chair of the Risk Committee, at the end of June 2024. Simon was succeeded by Edward Knapp in this capacity.

The Committee met on three occasions during the year, with the Managing Director and Chief Risk Officer in regular attendance.

The Committee held private sessions with Chief Risk Officer at each meeting during the year, without wider management present. The Committee also held private sessions on its own, without management present.

15 David Geale stood down as a member of the committee when he stood down as non-executive director in June 2024

16 Edward Knapp will be stepping down as Risk Committee Chair in September 2025

17 Sheldon Mills was appointed to the Risk Committee from June 2024 but has been unable to attend meetings due to a leave of absence

Audit Committee

The Audit Committee is responsible for supporting the board in meeting its responsibilities for an effective system of internal control and financial reporting.

Following the delegations agreed by the board in October 2024, referred to above, the Committee's remit was expanded to include increased oversight and decision-making powers in relation to the internal controls framework and responsibility for approving health and safety, finance, and procurement policies.

The functions of the Audit Committee are carried out by the members of the respective FCA committee, with Dr Lara Stoimenova joining as a member in October 2024.

During the year, the Committee's principal areas of activity included:

- reviewing the annual internal audit plan
- reviewing internal audit reports
- reviewing the internal financial control systems and monitoring financial risks
- monitoring the integrity of the financial statements
- reviewing significant financial reporting judgements within the financial statements
- reviewing the National Audit Office's (NAO) audit plan and reports
- reviewing internal whistleblowing arrangements

Table 7: Meeting attendance by Audit Committee members during the reporting year

Name	Scheduled meetings
Liam Coleman (Chair)	6/6
Bernadette Conroy	6/6
Simon Ricketts	2/2
Bryan Zhang	6/6
Lara Stoimenova[18]	2/2

The Committee also oversees the relationship with the external auditor, the NAO. Information on fees paid to the auditor is disclosed in Note 6 of the financial statements on page 101.

The Committee met on six occasions during the year, with meetings scheduled to coincide with the risk reporting and external audit cycles. An additional meeting was also held as part of the year-end process.

Where necessary, meetings were attended by the Managing Director and Chief Risk Officer, the FCA's Director of Risk and Compliance Oversight, the Chief Internal Auditor, the Director of Finance and representatives from the NAO.

In addition, the Committee held private sessions with the PSR's Chief Operating Officer/Chief Risk Officer and the Chief Internal Auditor, plus representatives from the NAO throughout the year, without wider management present. The Committee also held private sessions on its own without management present.

18 Lara Stoimenova was appointed to the Committee from October 2024

People Committee

The People Committee is responsible for overseeing and reviewing the PSR's employment framework and its processes for engagement with its workforce.

The functions of the PSR's People Committee are carried out by the members of the respective FCA committee.

During the year, the Committee's principal areas of activity included:

- meeting members of the Staff Consultative Committee
- considering the performance objectives of the Managing Director
- considering and responding to the Employee Survey
- approving the annual budget for pay and performance awards
- approving the remuneration of executives within its remit
- approving the Conflict of Interests policy and reviewing the redundancy policy

Table 8: Meeting attendance by People Committee members during the reporting year

Name	Scheduled meetings
Alice Maynard (Chair)	6/6
Ashley Alder[19]	1/1
Bernadette Conroy	5/6
Richard Lloyd	6/6
Aidene Walsh	6/6

The Committee met on six occasions during the year.

An overview of the remuneration framework that applied during 2024/25 is set out in the Remuneration Report on page 72. The functions of the PSR's Nomination Committee are carried out by the board.

Our website has more details on our governance arrangements.

19 Ashley Alder stepped down from the People Committee on 29 April 2024

The PSR Panel

The PSR Panel (the Panel) is independent of the PSR. It contributes towards the effective development of our strategy and policy, and offers advice and early input on our work.

The Panel comprises members drawn from payment system operators, payment service providers, infrastructure and technology providers, and service users.

In 2024/25, PSR staff engaged with the Panel and discussions included:

- views on narrative and messaging for our 2025/26 work programme
- our approach to horizon-scanning
- competition between payment systems including open banking and turning VRPs into a mainstream payment method
- our market reviews into scheme and processing fees and cross-border interchange fees, notably in respect of any proposed remedies
- addressing the extent and impact of mandatory rules for APP scams and considering priority next steps
- views on the potential enhancements to our regulatory framework in response to the government's NPV and the cancellation of the NPA procurement

Further information on the Panel, including a list of members, is on our website.

Appointments to the panel during the year have been made in accordance with the PSR statement of policy on panel appointments.

Competition Decisions Committee

The Competition Decisions Committee (CDC) acts as the decision-maker in any particular investigation arising where we propose to impose a sanction under the Competition Act 1998. In individual cases, a CDC panel comprising three CDC members will be appointed to decide on behalf of the PSR whether there has been a competition law infringement, whether to impose a penalty, and whether to give directions.

Enforcement Decisions Committee

The Enforcement Decisions Committee (EDC) makes regulatory enforcement decisions for the PSR under FSBRA or other legislation (for example, the Interchange Fee Regulation) when a settlement cannot be reached. The EDC is separate from staff at the PSR who investigate whether there has been a compliance failure.

In individual cases, an EDC panel comprising three EDC members will be appointed to decide on behalf of the PSR whether there has been a compliance failure and whether to impose a financial penalty and/or publish details of the compliance failure.

By order of the board on 25 June 2025.

Sarah Day
Company Secretary

4 July 2025

Remuneration report

Directors' remuneration (audited)

Tables 9 and 10 set out the remuneration paid or payable to any person that served as a director during the financial years ending 31 March 2025 and 31 March 2024.

The remuneration figures shown are for the period they served as directors. We follow the same remuneration principles as the FCA. The FCA's annual report provides further information.

The Treasury is responsible for determining the remuneration of non-executive directors, in accordance with FSMA.

In 2024/25:

- The fee for the Chair of the PSR was £75,000 per annum. This fee covers all duties, including service as a non-executive of the FCA and membership of any board committee.
- The fee for a non-executive director of the PSR as a standalone role remained at £15,000 per annum.
- An additional fee of £5,000 per annum was payable to any non-executive director who was also appointed to chair a committee of the board.

Non-executive directors receive a fee for their service (see Table 10) and are not eligible to be considered for salary reviews, core or flexible benefits or pension contributions.

Table 9: Chair and Managing Director

	Basic salary		Other benefits		Total remuneration (excluding pension)		Pension		Total remuneration	
	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000
Chair										
Aidene Walsh[1]	75	75	–	–	75	75	–	–	75	75
Managing Director										
Chris Hemsley[2]	44	227	3	13	47	240	6	32	53	272
David Geale[3]	220	–	13	–	233	–	26	–	259	–
Total	**339**	**302**	**16**	**13**	**355**	**315**	**32**	**32**	**387**	**347**

Table 10: Non-executive Directors

	Fee paid	
	24/25 £'000	23/24 £'000
Andrew Buckley[4]	9	–
Edward Knapp[5]	20	8
Sheldon Mills[6]	–	–
Faith Reynolds[7]	–	15
Simon Ricketts[8]	7	28
Jessica Rusu	–	–
Lara Stoimenova[9]	15	1
Tommaso Valletti[10]	15	15
Joanna Whittington[11]	15	8
Total	**81**	**75**

Notes

Chair

1 Aidene Walsh was appointed to the PSR board on 1 June 2020. Aidene then became interim Chair of the PSR board on 1 April 2022. Aidene was subsequently confirmed as the permanent Chair from 26 January 2023. The fee for the permanent Chair of the PSR is £75,000 per annum. This fee covers all duties, including service as a Non-executive Director of the FCA. Aidene was appointed to the FCA Board on 29 August 2023, in accordance with FSMA.

Managing Director of the PSR

2 Chris Hemsley was appointed as Managing Director of the PSR on 2 September 2019. Chris was a member of the FCA Pension Plan and was entitled to receive an annual pension contribution equivalent to 12% of his salary. Chris voluntarily contributed an additional 2% of his salary into the Pension Plan, and this was matched by the FCA, under the standard terms of the FCA Pension Plan. Chris stepped down as Managing Director of the PSR and as a voting member of the PSR Board with effect from 7 June 2024 with his employment ending on 22 November 2024. Chris received £203,000 as basic salary, benefits and pension for his remaining period of employment in the year ended 31 March 2025.

3 David Geale was appointed to the PSR Board as a non-executive director on 14 February 2020. David did not receive a fee for his non-executive director role. David was appointed as interim Managing Director of the PSR with effect from 10 June 2024 on an annual salary of £271,000 and therefore stood down as a non-executive director. With effect from 11 November 2024, David became a voting member of the FCA Executive Committee on an annual salary of £300,000. During 2024/25, David received part of his pension benefits as a non-pensionable cash payment in lieu of employer pension contributions which he would otherwise have been eligible to receive.

Non-executive Directors of the PSR

4 Andrew Buckley was appointed to the PSR board on 23 September 2024.

5 Edward Knapp was appointed to the PSR board on 18 September 2023. Edward was appointed the Chair of the Risk Committee on 1 May 2024 and received an additional fee of £5,000 per annum.

6 Sheldon Mills was appointed to the PSR board on 13 June 2024. He does not receive a fee from the PSR for this role.

7 Faith Reynolds was appointed to the PSR board on 12 April 2021. Faith stepped down from the PSR Board on 10 April 2024.

8 Simon Ricketts was appointed to the PSR board on 1 July 2017. Simon was appointed as a member of the FCA Audit Committee on 1 April 2019 and received an additional fee of £10,000 per annum. Simon was appointed the Chair of the Risk Committee on 9 August 2023 and received an additional fee of £5,000 per annum. Simon stood down from the board on 30 June 2024.

9 Jessica Rusu was appointed to the PSR board on 11 November 2024. She does not receive a fee from the PSR for this role.

10 Lara Stoimenova was appointed to the PSR board on 7 March 2024.

11 Tommaso Valletti was appointed to the PSR board on 1 April 2020.

12 Joanna Whittington was appointed to the PSR board on 1 September 2023.

Fair pay disclosure (audited)

Remuneration ratios

Remuneration ratios represent the difference between the highest-paid director and the full-time equivalent (FTE) remuneration of an employee at the 25th percentile, 50th percentile (median) and the 75th percentile (collectively 'the employee percentiles') of the total workforce at the reporting period end date (excluding the highest-paid director), expressed as a multiple.

Remuneration ratios are based on both the total remuneration of the highest-paid director and of the employee percentiles, as well as the salary component of the total remuneration.

Remuneration ratios have been calculated using the annualised salary and benefits paid (on an FTE basis) to employees in March 2025, on the basis that it provided the most accurate means of identifying the employee percentiles of the remuneration of the total workforce for the reporting period.

- Remuneration is total remuneration and includes salary, performance pay or bonuses and benefits, whether monetary or in-kind. It does not include severance payments or employer pension contributions.
- Total workforce includes employees, temporary staff, contractors and other short-term resource.

The remuneration of the highest-paid director and the remuneration of the organisation's total workforce for 2024/25 and 2023/24 are presented in Table 11.

The total remuneration of the highest-paid director disclosure differs between (i) the directors' remuneration, which is based on actual amounts paid, including pension but excluding taxable benefits paid by the PSR but fully funded by the director, and (ii) the remuneration ratios in Table 11, which are based on a full-year equivalent and exclude pensions contributions.

The Managing Director of the PSR was the highest-paid director for 2024/25. Excluding the highest-paid director, remuneration ranged from £24,356 to £292,428 (2023/24: £24,656 to £292,262).

In 2024/25, no employees (2023/24: 2) received remuneration in excess of the highest-paid director. All figures are based on FTE.

Table 11: Remuneration ratios

	Total remuneration		Salary component	
	2024/25	**2023/24**	**2024/25**	**2023/24**
Highest paid director's total remuneration	£287,140	£240,954	£271,206	£227,175
25th percentile remuneration of total workforce	£64,282	£61,361	£59,164	£56,541
25th percentile remuneration ratio	4.5:1	3.9:1	4.6:1	4.0:1
50th percentile/median remuneration of total workforce	£84,006	£83,068	£76,622	£75,000
50th percentile remuneration ratio	3.4:1	2.9:1	3.5:1	3.0:1
75th percentile remuneration of total workforce	£109,395	£112,309	£102,003	£102,375
75th percentile remuneration ratio	2.6:1	2.1:1	2.7:1	2.2:1

Change in remuneration

Table 12 compares the percentage change in salary and benefits between 2024/25 and 2023/24 of the highest-paid director and of the total workforce average per FTE.

The change in the Managing Director between 2024/25 and 2023/24 accounts for the high percentage change in remuneration of the highest-paid director (19.2%).

The change in the remuneration of the total workforce average between 2024/25 and 2023/24 is largely due to the outcome of the 2024 pay review.

Table 12: Change in remuneration

% Change in remuneration	Salary and benefits 2024/25 vs 2023/24	Salary and benefits 2023/24 vs 2022/23
Highest-paid director	19.2%	3.4%
Total workforce average per FTE	0.6%	4.8%

Senior pay disclosure (audited)

In addition to the managing director reported under directors' remuneration, Table 13 sets out the remuneration paid or payable to any person that served as a voting member of the Executive Committee during the year ending 31 March 2024.

Voting members of the Executive Committee are members of the FCA Pension Plan and entitled to receive an annual employer pension contribution of 8% to 12% of their salary, depending on their age. In addition, contributions are matched up to 3%, depending on age.

Table 13: Senior pay disclosure

	Basic salary		Other benefits		Total remuneration (excluding pension)		Pension		Total remuneration	
	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000
Kate Fitzgerald[1]	199	197	22	22	221	219	28	28	249	247
Natalie Golding[2]	151	109	10	7	161	116	20	14	181	130
Oliver Hanmer[3]	151	111	10	7	161	118	23	15	184	133
Deb Jones[4]	16	–	1	–	17	–	2	–	19	–
Dan Moore[5]	148	32	9	2	157	34	21	4	178	38
Alex Olive[6]	173	133	11	8	184	141	26	19	210	160
Natalie Timan[7]	–	80	–	5	–	85	–	10	–	95
Total	**838**	**662**	**63**	**51**	**901**	**713**	**120**	**90**	**1,021**	**803**

Notes

1 Kate Fitzgerald was appointed a voting member of the PSR Executive Committee and Head of Policy from 1 September 2022. Kate received an annual pension contribution equivalent to 12% of her salary and also voluntarily contributed an additional 2% of her salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan. Kate stepped down as Head of Policy and as a voting member of the PSR Executive Committee on 30 April 2025.

2 Natalie Golding was appointed a voting member of the PSR Executive Committee, Chief Operating Officer and Chief Risk Officer from 3 July 2023. Natalie received an annual pension contribution equivalent to 12% of her salary and also voluntarily contributed an additional 1% of her salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan.

3 Oliver Hanmer was appointed a voting member of the PSR Executive Committee and Head of Supervision and Compliance Monitoring from 26 June 2023. Oliver received an annual pension contribution equivalent to 12% of his salary. From April to May 2024, Oliver voluntarily contributed an additional 2% of his salary into the Pension Plan, this was increased to 3% from June 2024. These were matched by the FCA, under the standard terms of the FCA Pension Plan.

4 Deb Jones was appointed as interim Deputy Managing Director of the PSR from 3 March 2025 on an annual salary of £196,000. Deb is also Deputy Chair of the PSR Executive Committee. Deb received an annual pension contribution equivalent to 12% of her salary. Deb also voluntarily contributed an additional percentage of her salary into the Pension Plan. This was matched at 2% by the FCA, under the standard terms of the FCA Pension Plan.

5 Dan Moore was appointed a voting member of the PSR Executive Committee and Head of Strategy, Analysis and Engagement from 15 January 2024. Dan received an annual pension contribution equivalent to 12% of his salary. Dan also voluntarily contributed an additional percentage of his salary into the Pension Plan. This was matched at 1% by the FCA, under the standard terms of the FCA Pension Plan.

6 Alex Olive was appointed a voting member of the PSR Executive Committee and as General Counsel from 12 June 2023. Alex received an annual pension contribution equivalent to 12% of her salary. From July 2023, Alex also voluntarily contributed an additional percentage of her salary into the Pension Plan. This was matched at 2% by the FCA under the standard terms of the FCA Pension Plan.

7 Natalie Timan stepped down as Head of Strategy, Analysis and Monitoring and a voting member of the Executive Committee on 31 October 2023. Natalie received an annual pension contribution equivalent to 12% of her salary.

Financial statements

For the year ended 31 March 2025
Company number: 8970864

The certificate and report of the Comptroller and Auditor General to the members of the Payment Systems Regulator Limited and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of The Payment Systems Regulator Limited (PSR) for the year ended 31 March 2025 under the Financial Services (Banking Reform) Act 2013. The financial statements comprise the PSR's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the PSR's affairs as at 31 March 2025 and of the loss for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024.

I am independent of the PSR in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Financial Services (Banking Reform) Act 2013

Material uncertainty related to going concern

I draw attention to Note 2 in the financial statements and the Directors' Report, which indicates that the Government have announced the intention to abolish the Payment Systems Regulator and for it to be mainly consolidated into the FCA. At the time of signing the financial statements the timeline that the abolition will be achieved in is unclear, with the directors expecting a Bill formalising the abolition to be presented to Parliament in late 2025. There is then expected to be a transition period once this Bill has received Royal Assent and passed into law as an Act of Parliament. Until such time that this Act of Parliament is enacted the Directors' view is that PSR remains a going concern and have prepared these financial statements on that basis.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Payment System Regulator's ability to continue as a going concern. My opinion is not modified in respect of this matter.

My evaluation of the directors' assessment of the PSR's ability to continue to adopt the going concern basis of accounting included considering the PSR's funding arrangements and performing an assessment of whether any conditions exist which may cast significant doubt on the PSR's ability to continue to operate. I confirmed that the PSR continues to hold a statutory power to raise levies to meet its funding requirements, until such time that an Act of Parliament is enacted.

In relation to the PSR's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, I have determined that there are no key audit matters to communicate in my report.

I have not identified any key audit matters throughout the course of my audit.

There have been no changes to key audit matters from the prior year.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the mandatory risk of management override of controls, an area where my work has not identified any matters to report.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the PSR's financial statements as a whole as follows:

Materiality	£560,000
Basis for determining materiality	2% of forecasted gross expenditure of £28,000,000 (2023-24: 2% of forecasted gross expenditure of £20,482,000)
Rationale for the benchmark applied	Expenditure is the key area of interest for Parliament (and, indeed, more broadly for the firms regulated by the PSR) because the budgeted amount for the financial year determines the Annual Funding Requirement for the PSR, which forms the basis of the fees invoiced to regulated firms. This represents the size of the regulatory cost that the PSR imposed upon the financial services sector. The account is primarily composed of payroll and other operating costs. Forecasted gross expenditure was used as the materiality basis in 2024/25, which reflected the increase in PSR's funding requirement this year and captured our assumption of expenditure moving in line with income, given that PSR issues fees to recover its costs.

Performance materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other materiality considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in Note 9, Related Party Transactions, to the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error reporting threshold

I agreed with the Audit Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £11,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

There were no unadjusted audit differences reported to the Audit Committee.

Audit scope

The scope of my audit was determined by obtaining an understanding of the PSR and its environment, including the entity wide controls, and assessing the risks of material misstatement.

Other information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report, the Corporate Governance Statement and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about the PSR's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which I report by exception

In the light of the knowledge and understanding of the PSR and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report, the Corporate Governance Statement or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- a corporate governance statement has not been prepared.

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the PSR's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 53 to 55;
- Directors' statement that the annual report and accounts are fair, balanced and understandable set out on pages 52 to 53;
- Directors' confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 53 to 55;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67; and
- The section describing the work of the audit committee set out on page 69.

The directors have not provided an assessment of the entity's prospects, the period this assessment covers and why the period is appropriate as required by provision 31 of the UK Corporate Governance Code. The directors have set out the reasons for omitting these disclosures on page 55.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the PSR from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration Report, in accordance with the Companies Act 2006 and the Financial Services (Banking Reform) Act 2013; and
- assessing the PSR's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Financial Services (Banking Reform) Act 2013.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the PSR's accounting policies;
- inquired of management, the internal audit division and those charged with governance, including obtaining and reviewing supporting documentation relating to the PSR's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the PSR's controls relating to the PSR's compliance with the Companies Act 2006 and the Financial Services (Banking Reform) Act 2013;
- inquired of management, the internal audit division and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the PSR for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and the posting of unusual journals. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the PSR's framework of authority and other legal and regulatory frameworks in which the PSR operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the PSR. The key laws and regulations I considered in this context included Companies Act 2006, the Financial Services (Banking Reform) Act 2013, the UK Corporate Governance Code and relevant employment law and taxation legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit Committee concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I reviewed the accounting policies related to the PSR; and
- I used analytical procedures to identify any unusual or unexpected relationships.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
8 July 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of comprehensive income for the year ended 31 March 2025

	Notes	Total 2025 £'000	Total 2024 £'000
Income			
Fee income	4	25,251	26,718
Other income	4	923	620
Total income		**26,174**	**27,338**
Operating costs			
Staff costs	5	(20,286)	(15,533)
Administrative costs	6	(7,773)	(7,236)
Total operating costs		**(28,059)**	**(22,769)**
Total comprehensive (loss)/profit for the year		**(1,885)**	**4,569**

The notes on pages 96 to 104 form part of the financial statements.

Statement of changes in equity for the year ended 31 March 2025

	£'000
At 1 April 2023	**2,320**
Total comprehensive profit for the year	4,569
At 1 April 2024	**6,889**
Total comprehensive loss for the year	(1,885)
At 31 March 2025	**5,004**

The notes on pages 96 to 104 form part of the financial statements.

Statement of financial position for the year ended 31 March 2025

Company number: 8970864

	Notes	Total 2025 £'000	Total 2024 £'000
Current assets			
Cash and cash equivalents	7	14,790	14,641
Trade and other receivables	7	917	50
Intragroup receivable		1,158	4,807
Total assets		**16,865**	**19,498**
Current liabilities			
Trade and other payables	8	(9,910)	(10,979)
Intragroup payables	8	(1,951)	(1,630)
Total liabilities		**(11,861)**	**(12,609)**
Total assets less total liabilities		**5,004**	**6,889**
Accumulated surplus		**5,004**	**6,889**

The notes on pages 96 to 104 form part of the financial statements.

The Company is exempt from the requirement of Part 16 of the Companies Act 2006 as stipulated in Schedule 4, paragraph 8 (5) of the Financial Services (Banking Reform) Act 2013.

The financial statements were approved by the board on 25 June 2025, and were signed on its behalf on 4 July 2025 by:

Aidene Walsh
Chair

David Geale
Managing Director

Statement of cash flows for the year ended 31 March 2025

	Notes	Total 2025 £'000	Total 2024 £'000
Net cash (used)/generated by operating activities	3	**(573)**	**5,129**
Investing activities			
Interest received on bank deposits		722	408
Net cash generated in investing activities		**722**	**408**
Net increase in cash and cash equivalents		149	5,537
Cash and cash equivalents at the start of the year		14,641	9,104
Cash and cash equivalents at the end of the year		**14,790**	**14,641**

The notes on pages 96 to 104 form part of the financial statements.

Notes to the financial statements

1 General information

The Payment Systems Regulator (PSR) was incorporated in England and Wales under the Companies Act 2006 on 1 April 2014 as a private company, limited by shares (a single share with a £1 nominal value, wholly owned by the Financial Conduct Authority (FCA)). The nature of the PSR's operations is set out in the financial overview.

The registered office is 12 Endeavour Square, London, E20 1JN.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the PSR operates.

2 Core accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies applied in preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

As noted in the Directors' Report, due to the UK Government's recent announcement to abolish the PSR subject to the passing of legislation, the directors have concluded that in the context of the Companies Act 2006, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern beyond the next financial year.

At the time of signing these financial statements, the timeline that the abolition will be achieved in is unclear. The directors expect a Bill formalising the abolition of the PSR to be presented before Parliament in late 2025. There is then expected to be a transition period once this Bill has received Royal Assent and passed into law as an Act of Parliament.

The directors consider that the PSR will remain a going concern for the next financial year and conclude that using the going concern basis is appropriate in preparing its financial statements.

The PSR was created under statute (FSBRA) to discharge certain duties through statutory powers. As expressed in the government's statement, these statutory powers are expected to continue and be mainly transferred to the FCA. Therefore, the PSR will exist and be suitably funded until this point.

Changes in accounting policy

The Company has adopted the following new amendments to IFRSs and International Accounting Standards ('IASs') that became mandatorily effective for the first time in the financial year.

The amendments have been issued and endorsed by the UK Endorsement Board ('UKEB') and do not have a significant impact on the Company's financial statements.

- Amendments to IAS 1 relating to the classification of liabilities as current or non-current and non-current liabilities with covenants issued.
- Amendments to IFRS 16 relating to lease liabilities in a sale and leaseback transaction.
- Amendments to IAS 7 and IFRS 7 relating to supplier finance arrangements.

The following new standards and amendments to existing standards have been issued, are not effective for the current reporting period and are not expected to have a significant impact on the Company's financial statements in future reporting periods:

- New standard IFRS 18 'Presentation and Disclosure in Financial Statements' which will replace IAS 1 'Presentation of Financial statements' issued in April 2024 and effective from accounting periods starting on or after 1 January 2027.
- New standard IFRS 19 'Subsidiaries without Public Accountability: Disclosures' issued in May 2024 and effective from accounting periods starting on or after 1 January 2027.
- Amendments to IAS 21 - Lack of Exchangeability issued in August 2023 and effective from accounting periods starting on or after 1 January 2025.
- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments issued in May 2024 and effective from accounting periods starting on or after 1 January 2026.

Significant judgements and estimates

The preparation of financial statements requires management to make estimates and judgements. Actual results could differ from estimates.

The directors have identified no significant judgements or accounting estimates relevant to the PSR that materially affect the financial statements and/or the application of the accounting policies.

Income

The core principle of IFRS 15 – Revenue from Contracts with Customers is that 'an entity recognises revenue to depict the transfer of promised goods or services to customers, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services'.

The standard requires an entity to identify the contract(s) with a customer and the performance obligation related to the contract. It further requires for the transaction price to be determined and allocated to the performance obligations in the contract. Revenue can only be recognised under the standard when the entity satisfies a performance obligation.

The implication of adopting IFRS 15 directly has been assessed, but – given the nature of the PSR's activities and that IFRS 15 relates to commercial organisations – it was not considered appropriate. Accordingly, management has applied International Accounting Standards (IAS) 8 (10) to use its judgement in developing and applying an accounting policy that provides information that is relevant and reliable.

In doing so, management has broadened the definition of a contract to include legislation and regulation. In this circumstance, a 'contract' is the underlying statutory framework set out in Financial Services (Banking Reform) Act 2013 (FSBRA). This framework enables the PSR to raise fees to recover the cost of carrying out its statutory functions. The performance obligation under the 'contract' is the granting of the ability to operate and remain authorised during the course of the year.

The PSR's revenue streams are categorised as either fee income or other income.

Fee income includes the annual periodic fees which are levied and measured at fair value when recognised. The Financial Services and Markets Act 2000 (FSMA) enables the FCA to raise fees, and FSBRA enables the FCA to raise fees on behalf of the PSR to recover the costs of carrying out its statutory functions. Fees are recognised at the later of:

- the fee year to which they relate (invoices on account), or
- the invoice date

Other income satisfies the core principles and conditions set out to recognise revenue. Resulting contract assets and liabilities are included in Current assets within Intragroup receivables and as Fees received in advance in Current liabilities.

Retirement benefit costs

Money Purchase Section (defined contribution)

The PSR is a member of the Money Purchase Section of the FCA Pension Plan, a defined contribution plan where the company pays contributions at defined rates to a separate entity.

Payments to the Money Purchase Section of the Plan are recognised as an expense in the statement of comprehensive income, as they fall due.

Prepaid contributions are recognised as an asset to the extent that a cost refund or a reduction in future payments is available.

Taxation

As a UK incorporated company, the PSR is subject to the provisions of the UK Taxes Acts, the same corporation tax rules as any other UK incorporated company.

On the basis of the relevant tax legislation and established case law, the result of the PSR's regulatory activities (on which it does not seek to make a profit) is not subject to corporation tax because regulatory activity does not constitute a 'trade' for corporation tax purposes.

As the FCA wholly owns the PSR, the FCA and the PSR are part of the same group for corporation tax and VAT purposes. The FCA invests heavily in its own fixed assets, mainly IT software, and accounts for these as intangible fixed assets. It therefore has significant levels of amortisation charges. The FCA has applied the intangible fixed asset tax rules to these assets and as a result tax relief is available for the amortisation. As the PSR is part of the same group for corporation tax purposes, it is able to utilise these amortisation losses through group relief to offset any corporation tax due on investment income, resulting in nil corporation tax being payable by the PSR at this time.

3 Notes to the cash flow statement

	Notes	Total 2025 £'000	Total 2024 £'000
(Loss)/Profit for the year from operations		(1,885)	4,569
Adjustments for:			
Interest received on bank deposits	4	(722)	(408)
Operating cash flows before movements in working capital		**(2,607)**	**4,161**
Decrease/(increase) in receivables	7	2,782	(1,854)
(Decrease)/increase in payables	8	(748)	2.822
Net cash (used) / generated by operations		**(573)**	**5,129**

4 Income

FSBRA enables the FCA to raise fees on behalf of the PSR to recover the costs of carrying out its statutory functions. Fee income represents the annual periodic fees receivable for the financial year, is recognised in the year it is levied, and is measured at fair value.

	Total 2025 £'000	Total 2024 £'000
Fee income	25,251	26,718
Interest on bank deposit	722	408
Other income	201	212
Total income	**26,174**	**27,338**

5 Staff information

Staff costs (including executive directors) comprise:

	Total 2025 £'000	Total 2024 £'000
Gross salaries and taxable benefits	15,710	12,287
Employer's national insurance costs	1,797	1,412
Employer's defined contribution pension costs	1,828	1,424
Permanent staff costs	**19,335**	**15,123**
Secondees	57	–
Contractors	894	410
Short-term resource costs	**951**	**410**
Total staff costs	**20,286**	**15,533**

Staff numbers comprise:

The average number of headcount (including executive directors and fixed-term contractors) during the year is presented below:

	Total 2025	Total 2024
Permanent staff	176	140
Parental, long-term sick and other leave	5	5
Short-term resource	5	3
Total	**186**	**148**

As at 31 March, the number of headcount (including executive directors and fixed-term contractors) was:

	Total 2025	Total 2024
Permanent staff	182	160
Short-term resource	6	5
Total	**188**	**165**

Exit packages

Redundancy and other departure costs incurred in accordance with the redundancy policy are set out below. A compulsory redundancy is any departure resulting from a restructure or other change leading to a role ceasing to exist. Other departures are those mutually agreed with the individual concerned. Long-term ill health settlements are credited back to the PSR by our insurers. Ex-gratia payments are classified as Special Payments (Note 6).

There are no exit packages to report for the financial year (2024: none).

6 Administrative costs

Administrative costs include:

	Total 2025 £'000	Total 2024 £'000
IT running costs	1,703	1,051
Professional fees	2,733	3,138
Accommodation and office services	1,650	1,393
Recruitment, training and wellbeing	699	888
Travel and hospitality	40	31
FCA staff recharges	553	509
Other costs	395	226
Total	**7,773**	**7,236**

Losses and special payments

There are no losses and special payments to report for 2024/25, by value and by type where they exceed £300,000 for the year to 31 March 2025 only (no comparative figures required).

Auditors

The Comptroller and Auditor General was appointed as auditor on 1 April 2014 under FSBRA. The auditor's total remuneration for audit services is set out below:

	Total 2025 £'000	Total 2024 £'000
Fees payable to the National Audit Office for the audit of the financial statements	40	35

7 Current assets

	Note	Total 2025 £'000	Total 2024 £'000
Cash at bank		1,291	2,141
Cash deposits		13,500	12,500
Cash and cash equivalents		**14,791**	**14,641**
Prepayments and accrued income		210	50
Trade debtors		707	–
Intragroup receivable – FCA	9	1,158	4,807
Total current assets		**16,866**	**19,498**

Cash and cash equivalents comprise cash and short-term fixed-rate bank deposits with a maturity date of 12 months or less. The carrying amount of these assets approximates to their fair value.

Intragroup receivable consists of fees and penalties collected by the FCA on behalf of the PSR but not remitted to the PSR at 31 March 2025.

8 Current liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	Note	Total 2025 £'000	Total 2024 £'000
Fees received in advance		9,178	10,105
Trade creditors and accruals		707	854
Penalties payable		25	20
Trade and other payables		**9,910**	**10,979**
Intragroup payable – FCA	9	1,951	1,630
Total current liabilities		**11,861**	**12,609**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables is 8.7 days (2024: 7.5).

Intragroup payable consists of amounts due from the PSR to the FCA under the provision of services agreement between the two companies which sets out the services that are supplied and the respective costs at 31 March. These costs are based on the charges the FCA incurs, without margins.

Penalties issued and not yet collected as at 31 March are included in both current assets and current liabilities and are subject to an assessment of recoverability. Once total penalties collected during the year exceed this amount, a liability to the Treasury arises.

Financial penalties resulting from enforcement action pursuant to FSBRA are paid to the Treasury after deducting enforcement costs. Penalties issued and collected under the Competition Act 1998 are paid in full to the Treasury.

No penalties were issued in the year under FSBRA or the Competition Act 1998 (2024: none).

	Total 2025 £'000	Total 2024 £'000
Penalties payable at 1 April	20	612
Penalties recovered from / (rebated to) fee-payers	5	(592)
Penalties payable at 31 March	**25**	**20**
Penalties payable at 31 March are comprised of:		
– Retained to be rebated to fee-payers	7	2
– Payable to the Treasury	18	18
	25	**20**

9 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is set out on page 74.

There were no other transactions with key management personnel in the year.

Transactions with the FCA

The FCA provides certain services to the PSR, which are set out in the provision of services agreement. Summarised as:

	Total 2025 £'000	Total 2024 £'000
Accommodation and office services	1,650	1,392
Staff costs	565	509
IT costs	1,639	908
Other costs	79	76
	3,933	**2,885**

As at 31 March 2025, the intragroup receivable from FCA was £1,158,000 as disclosed in note 7 (2024: £4,807,000 intragroup receivable as disclosed in note 7).

As at 31 March 2025, the intragroup payable to FCA was £1,951,000 as disclosed in note 8 (2024: £1,630,000 intragroup payable as disclosed in note 8).

10 Events after the reporting period

There were no material events after the reporting period. The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

© The Payment Systems Regulator Limited copyright 2025

The Payment Systems Regulator Limited
12 Endeavour Square
London, E20 1JN

Telephone: 0300 456 3677
Website: **www.psr.org.uk**

All rights reserved

E 03288359 07/25

ISBN 978-1-5286-5431-9