

Quarterly update

Autumn 2021



Chris Hemsley
Managing Director
Payment Systems Regulator

Welcome to our Autumn Update – it only feels like yesterday that we sent our Summer Update.

We're covering off a few things in this latest update. You'll hear from our new Head of Strategy and Analysis, Natalie Timan, who gives her initial thoughts on our future strategy. Genevieve, our Head of Policy reflects on our card-acquiring market review final report, the latest on access to cash and a reminder of what's going on with the NPA.

But before those updates, I'd like to talk about Authorised Push Payment (APP) scams. Last week (on 18 November) we published our latest consultation on APP scams and outlined our latest steps.

Our work on APP scams fits directly into another of our priorities in the Strategy: we want to ensure users are sufficiently protected when using the UK's payment systems, now and in the future.

In our consultation we're proposing to:

- require the 12 largest banking groups in Great Britain and two largest banks in Northern Ireland to publish data on their performance in relation to APP scams, reimbursement levels for victims and reporting on where the money obtained through these frauds is transferred to (the 'receiving' payment firm)
- require industry to improve intelligence sharing, to improve detection and prevention of APP scams
- we've also set out details about a mandatory scheme for reimbursement (rather than the voluntary industry code we have now).

continued 



Click on any **underlined link** for more information

In this update

- Our senior leadership team
- Events update
- Introducing our new Strategy, Analysis and Monitoring division
- Card-acquiring market review update
- Connecting to the future of payments with the NPA
- Access to cash

- And the announcement from John Glen MP, Economic Secretary to the Treasury, has confirmed that legislation to remove the current regulatory barriers will be coming. This is a massive step forward and will make sure victims are reimbursed in the most appropriate way.

All these measures, we think, will make a big difference on how fraud is tackled, help their customers, and ensure they get their money back.

More needs to be done to prevent APP scams from happening, and we need to take bigger strides in making sure victims are protected. We think these measures will certainly start to make the difference we want to see.

So, do **take a look at the consultation** and make sure to provide your feedback by 14 January 2022.

Events Update

Lending Standards Board's industry event

Our Managing Director, Chris Hemsley, spoke at this event on 21 July. He talked about the significant developments in tackling the problem of APP scams.

[Read the full speech here](#)

PayExpo: Payments Leaders' Summit

Chris addressed this summit on 5 October, talking about the regulation of Open Banking, competition in payments, and fraud in interbank payments.

[Read the full speech here](#)

Second Annual Payment Systems Regulation and Innovation Summit

Our Head of Policy, Genevieve Marjoribanks, spoke at an event on 19 October. She talked about promoting innovation and consumer protection through the New Payments Architecture (NPA).

[Read the full speech here](#)

Open Banking Expo

Chris spoke at this event on 4 November. He focused on the governance of Open Banking and the opportunity it provides.

[Read the full speech here](#)

Our executive leadership team



**Chris Hemsley –
Managing Director**

Chris has overall responsibility for the work of the PSR. He joined in November 2018 as Head of Policy and Strategy. In April 2019, he became co-Managing Director, before being permanently appointed as Managing Director in September 2019.



**Louise Buckley –
Chief Operating Officer**

Louise has worked for the PSR since January 2015, and leads the people, business management, risk and communications aspects of the organisation.



**Genevieve Marjoribanks –
Head of Policy**

Genevieve is responsible for leading the development of regulatory policy. She started in January 2020, and has been working with the PSR's various stakeholders to develop policies that will effectively deliver the PSR's objectives.



**Carole Begent – General Counsel
and Head of Regulatory and
Competition Enforcement**

Carole joined in April 2015. She has extensive knowledge and expertise in competition, regulatory law and public law in advisory, policy development and litigation contexts.



**Natalie Timan – Head of Strategy,
Analysis and Monitoring**

Natalie joined the PSR in September 2021 from the BBC where she was Chief Economist; before this she was Director of Economics at the Competition and Markets Authority. Natalie leads on the development and evolution of the PSR's Strategy and new Strategy and Analysis division.

A bold strategy for payments



Natalie Timan
Head of Strategy,
Analysis and Monitoring



Natalie Timan joined the PSR in September to head up our new Strategy, Analysis and Monitoring division.

Natalie is leading the development and evolution of the PSR Strategy, which we'll be publishing early next year.

Her new division will also establish and maintain our approach to monitoring how payment systems are supporting improved outcomes for users.

Natalie will use her experience at the Competition and Markets Authority, and her most recent role as Chief Economist at the BBC, to improve how we use data (with regards to legislation on information sharing), intelligence and analysis to increase our understanding of payment systems and related markets and the effectiveness of our regulatory interventions. She is well placed to lead this work, as she has experience of measuring public value from her time at the BBC.

Here, Natalie reflects on the PSR's Strategy:

Our **proposed PSR Strategy** (which we published for consultation in June) sets out an approach that aims to make sure payments and payment systems work well for everybody, and that there is effective competition and access to payments for all. We want to set out clearly our priorities and give staff and stakeholders a clear line of sight to we're going.

We set out four outcomes we want to see in payments over the next five years, and four priority work areas that we think will help bring about those outcomes. We focus particularly on the longer-term challenges and opportunities brought about by the increasing reliance on digital payments. We point to the increasing need to focus on competition between different payment systems. To achieve that, a key part of the strategy is unlocking the potential of the existing interbank systems, so that they provide a viable alternative to cards for retail payments and mitigate what we see as a potential long-term risk to competition.

We also set out some initial thoughts on how we would go about measuring progress towards the outcomes.

I am realistic on this front.

We will need to keep monitoring whether we are on the road to achieving our desired outcomes. We are aiming to create a basket of indicators to help us do that, but will also need to use our regulatory judgement to analyse and interpret the data and decide whether any 'course correction' is needed.

This is a bold and exciting strategy, and I am confident it will help us and the industry pull in the same direction to make payments work well for everyone who makes and receives them.

Our card-acquiring market review



Genevieve Marjoribanks
Head of Policy

The benefits of shopping around are well known.

In the UK payments market, we want to see more merchants shopping around and considering switching providers for their card-acquiring services so that they get a better deal on the amounts they are charged.

We recently published our **market review report on the supply of card-acquiring services** to UK merchants and we identified a number of concerns. We are now working on remedies to solve the problems we've identified and will consult on them early next year.

We want to promote to merchants the benefits of switching card suppliers, particularly those with an annual card turnover below £50m.

Shopping around and comparing offers will give those merchants the opportunity to find a better deal and save money – which is ultimately good for consumers, as merchants can pass on their savings to their customers.

We know from our market research that smaller merchants can have limited time to compare new deals, due to the pressures of running their business. But time invested in saving costs will be to their advantage in the longer term.

In our report, we found that acquirers and independent sales organisations (ISO) don't typically publish their prices for card-acquiring services, and pricing structures and approaches to headline rates vary. This makes it hard for merchants to compare prices. We think acquirers and ISOs can do more to allow merchants to easily

compare providers and make good choices – for example, they could simplify the way they present key prices and other terms. Reducing the difficulties in comparing prices would help merchants that shop around – and may also lead to more merchants comparing providers to get the best deal.

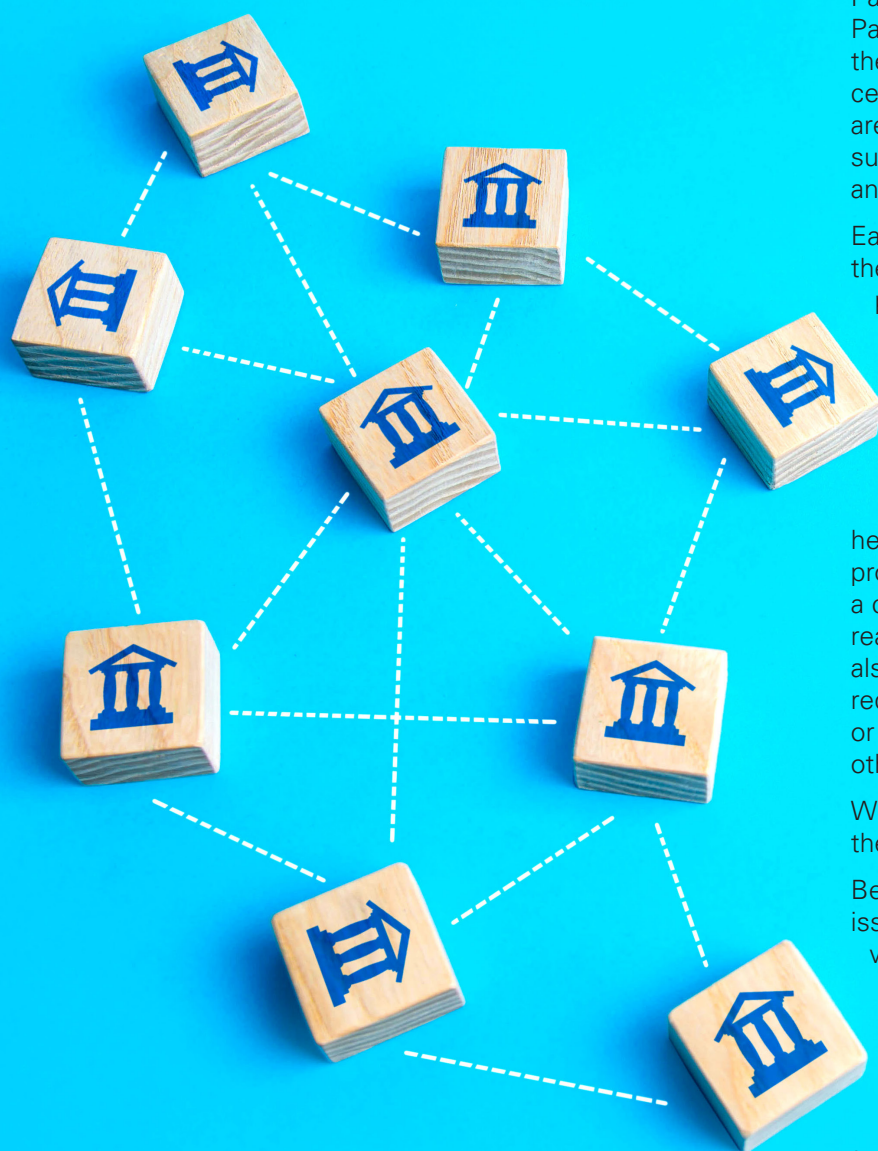
Next steps

We'll publish a remedies consultation in early 2022, asking stakeholders to share views on the ideas we put forward. We expect the payments industry to play a key role in developing effective and proportionate measures that increase merchant engagement, and ultimately improve choice and prices.

Following this, we will publish a provisional decision on remedies (and potentially a draft remedies notice) for consultation.

Connecting to the future of payments

The New Payments Architecture (NPA) is the UK payment industry's proposed way of organising the clearing and settlement of most UK interbank payments – where someone transfers money directly from one payment account to another.



Millions of us rely on interbank payments every day – whether receiving wages or paying bills through Bacs, or transferring money using internet banking via Faster Payments. They're an important part of life and are central to the functioning of the UK's economy. The NPA presents an opportunity to make payments more resilient; help meet the growing demand for digital payments; and support increased choice and competition, to benefit people and businesses across the UK.

Pay.UK, the operator of Bacs and Faster Payments, is responsible for delivering the NPA, including the procurement of its central infrastructure services (CIS). We are monitoring Pay UK's work to make sure it promotes competition, innovation, and the interests of service users.

Earlier this year, we reached the view that there were unacceptably high risks in the NPA programme: that it will not provide value for money and could delay or prevent the NPA's benefits from happening.

Therefore, in July, we announced our decision that Pay.UK should phase the development of the NPA by narrowing the scope of the CIS contract. This will help lower the delivery risks by simplifying the programme. It will be easier for Pay.UK to secure a contract that provides value for money and realises some NPA benefits sooner. Our decision also promotes competition and innovation, by reducing the risk that Pay.UK procures products or functionality centrally, when they would otherwise have been provided by the market.

We are also making sure that Pay.UK secures the CIS contract through a competitive tender.

Before the end of this year, we plan to issue the final legal instruments that will implement our decisions.

We also plan to publish a separate policy statement setting out our regulatory framework for the NPA CIS. This is informed by feedback on our consultation on mitigating risks to competition and innovation when the NPA is operational.

Access to cash



Genevieve Marjoribanks
Head of Policy

Our priority is to support the ATM network and ensure it remains sustainable, resilient and accessible to those who need it.

ATMs are an important focus for the PSR. Although the use of cash is declining, over five million people still rely on it for a range of reasons and ATMs are the main way people access cash. Our priority is to support the ATM network and ensure it remains sustainable, resilient and accessible to those who need it.

On 27 October, we proposed a new Specific Direction to continue to support the operator of LINK in maintaining a broad geographical spread of free-to-use ATMs. This would replace our existing Specific Direction 8. The consultation closed on 16 November. We're now analysing the feedback, which will help us to decide whether to issue the new Specific Direction.

We and the FCA continue to support the Treasury in developing a legislative proposal for access to cash. If we issue a new Specific Direction, we'll make sure it doesn't conflict with planned legislation.

In November, we published our **latest joint update** with the FCA on access to cash, covering April to June this year. These updates provide an overview of geographical cash access coverage in the UK. Overall, we've seen a small increase in the number of people who have access to cash within 1km and 2km. Access hasn't changed significantly at 5km distances.

ATM access has remained relatively stable over the last quarter, and we will continue to work with LINK and ATM deployers to ensure there is reasonable access to cash for those who need it.