

News

2023 in review

Chris Hemsley
Managing Director



Hello and happy new year to you.

2023 was a year where we have moved squarely towards the implementation phase of our five-year strategy, setting out detail of changes that we are working on across fraud prevention, unlocking the potential of open banking in payments and our views on certain card fees.

Looking ahead, 2024 will see a lot of this work prompt real changes to benefit people and businesses and support the next step forward for the payments ecosystem.

Not only was there significant progress in some of our key workstreams, but the PSR as an organisation has grown. We have a new division and new people across all areas taking up positions. For some of you, perhaps the most notable changes at the PSR have been to our Executive Team with four new appointments throughout the year – Alex Olive as General Counsel, Oliver Hanmer as Head of Supervision and Compliance Monitoring, Natalie Golding as Chief Operating Officer and, most recently, Dan Moore as Head of Strategy and Intelligence. With Kate Fitzgerald (Head of Policy), we're starting 2024 with a strong senior team in place to lead the organisation and drive forward our ambitious work programme.

Tackling payment fraud

One of our strategic priorities is to make sure people are protected when they make payments. So, tackling the problem of APP scams continued to be a significant area of focus for us. In summer, the Financial Services and Markets Act 2023 provided us with the powers we needed to move to implement a step-change in how victims will be protected from APP fraud and ensure that all firms take steps to prevent fraud from happening in the first place. Backed by mandatory rules and requirements, applying to all payment firms using FPS and CHAPs.

Last month, we confirmed the implementation date for this change. From 7 October 2024, every customer can be certain they will all receive the same minimum levels of protection when they make a payment. Looking ahead, the focus will now be on making sure that the systems and processes are in place to support the orderly implementation of this change. This will be a major focus for the PSR, working with payment firms and PayUK, in particular. Firms will also need to continue the process of getting ready for this change; we know that many are already taking steps to manage these risks.



Click on any underlined link for more information



We've also made it possible for people to know just how well their payment service provider responds to instances of APP fraud. Our first **publication** of the APP fraud performance data in October 2023 highlighted the inconsistencies that consumers face depending on who their payment provider is. This shows data for 2021, prior to our reimbursement requirements coming into effect, so over the course of the next publications we are, of course expecting to see positive improvements across the board, especially once our new measures come into force.



It's important to say our reporting will adapt, especially to highlight where these frauds originated. The PSR cannot introduce a financial incentive on fraud origination, but I will make the point again that social media and telecoms firms can and should do much more to prevent APP fraud. The publication of the **UK's Online Fraud Charter** was a welcome move to raise standards of protection against fraud on social media and telecoms platforms and we'll continue to champion the need for greater measures to be in place to protect people online.

The benefits and potential of new ways to pay

Over the last year, there has been greater clarity over the potential that Open Banking represents and its contribution to the future of payments. The possibilities and benefits are considerable and it's been fantastic to see so many people quickly engage and get on board with the developments in this space.



In a short space of time, from when the Joint Regulatory Oversight Committee (which I co-chair with the FCA) published its open banking vision in April to its **latest update in December**, we've achieved a lot. We've reached a point where Pay.UK and Open Banking Limited (OBL) will chair implementation groups to deliver the functional enhancements and dispute mechanism needed for consumers and business ahead of the delivery of non-sweeping VRP this year.



This year, work is moving forward on the design and implementation of the future entity which will be instrumental for the future success of open banking in the UK. Work continues to move at pace and you can expect a decision from the Committee about the future entity's recommended structure, governance and funding model along with the immediate steps which will be taken to establish the future entity.



Effective competition in payments

One of our strategic priorities focuses on effective competition between payment systems and protecting payment users where that competition is insufficient. With two market reviews underway into fees charged by card schemes, there has been a lot for us to digest. Market reviews can take some time to complete, but the end of 2023 saw the publication of our interim report into the cross-border interchange fees market review which contained a consultation on our proposed remedies.

At this point, we think changes are needed to improve outcomes, and have proposed introducing regulatory controls on pricing of certain cross-border interchange fees. Of course, we welcome your thoughts on these proposals and the [closing date for the consultation](#) is the end of January 2024.

This year we will reach a similar point with our work on scheme fees; setting out our interim findings and any next steps.



Engaging with our stakeholders

Delivering our plans requires input from a broad range of people across industry, consumer groups, business groups and parliament. Our well-attended Annual Plan launch event last May gave us all the opportunity to discuss the opportunities and challenges openly. And in the spirit of ongoing engagement, we continued to talk with you all in meetings, at events, at thought-provoking roundtables and through your responses to our consultations. There's lots more for us to collaborate on during 2024, so please engage where you can.

Seeing in 2024

Towards the end of the last year, [the Future of Payments Review](#) provided further impetus to the work that we have underway, notably on open banking. Government also confirmed its intention to develop a National Payments Vision, which we will naturally be supporting as it takes shape this year.

The start of 2024 is a busy one, including as we increasingly focus on implementing all of the important changes that are underway.



As ever, we'll be setting out our focus areas for the next financial year in our annual plan, which we'll publish in March, with our accompanying event to follow in May – watch out for the save the date!

We have included a summary of events and major milestones in this update – plus a handy infographic of our 2023 in action.

For now, here's to another busy and impactful 12 months!

Chris

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Managing Director

Want to find out more?
Visit our website at psr.org.uk

Dates for your diary

Upcoming events

January

18 January, we'll be joining **Open Banking Excellence** to take part in their series of webinars to talk about the developments in payments, the progress made to date and the next steps.

25 January, Chris is speaking at the annual **Future of Payments Summit** in London.

25 January, Kate Fitzgerald (PSR Head of Policy) will be joining EY's **International Fraud Roundtable**.

February

27 February, Kate Fitzgerald is at **RegTech Live** where she'll be talking about the upcoming changes to tackle APP scams.

27 February, Alex Olive (PSR General Counsel) is on a panel at **CompLaw UK** discussing the UK's current regulatory landscape

28 February, Chris will be at the **Fraud Leaders' Summit** where he will be giving a keynote speech.

March

6 March, Kate is at **MoneyLive** to talk all things APP fraud, in a fireside chat.

Pay360 from 19 to 20 March:

- On 19 March, Kate Fitzgerald and Andrew Self (PSR Senior Manager) take part in discussions on open banking, the future of VRP and the JROC roadmap.
- On 20 March, Chris delivers a keynote speech where he'll talk about APP scams and open banking. Other panels will include Claire Simpson (PSR Senior Manager) and Nick Davey (Technical Specialist).

Consultations

We published our [interim report for our market review into cross-border interchange fees](#) and you can send your responses to this until **31 January**.

Our consultation on [changes to Faster Payments to enable a phased expansion of Variable Recurring Payments](#) (VRP) closes on **2 February**.

We are looking to [vary Specific Directions 14-16](#) relating to our Card-acquiring market review remedies. The closing date for your views is **9 February**.

Other dates for your diary

Q4 2023/24

- We will publish our Annual Plan for the upcoming financial year, 2024/25.
- Our current timetable for the publication of our final market review report on cross-border interchange fees.

Q1 2024/25

- We expect to publish our market review of card scheme and processing fees interim report for consultation.
- We will publish JROC's decision and immediate steps on establishing the new future entity for open banking.
- We will continue to work with the systems operator and industry to develop the capabilities to send and receive data to enhance intelligence sharing. PSPs should continue to work with Pay.UK on implementing these system capabilities.
- We may publish consultations on how our APP scam requirements will apply within CHAPS, along with a consultation on how we will approach our compliance monitoring and evaluation frameworks.

October 2024

- We will see the start of our reimbursement requirements and CoP Group 2 firms will need to have implemented the name-checking service.

2023 in numbers

 **1** annual report

Reflecting on our work during 2022/23, that saw much stronger fraud protections for people and businesses, improving choice and competition in card payment services for businesses, progression of the New Payments Architecture (NPA), major steps forward for open banking and a greater focus on monitoring compliance.

 **1** annual plan

Supporting our strategic priorities of protection, competition, unlocking account-to-account payments and providing access and choice. The plan continues building on the significant pieces of work already underway, including securing better consumer protections against authorised push payment (APP) scams, as well as examining card fees to ensure businesses and consumers are getting a good deal on card payments.

 **5** thought pieces

Including AI in payments, understanding digital barriers in payments, horizon scanning and changes from the FSMA.

 **12** consultation papers

Covering APP scams measures, our penalty statement, variable recurring payments and revisions to our powers and procedures guidance.

 **8** working papers

Working papers and calls for views on our two market reviews.

 **4** policy statements

On APP scams measures and PSR regulatory fees.

 **4** specific directions/requirements

All related to APP scams measures.

Stay up to date with the PSR

To keep up to date on our work and consultations, sign up or review your [subscriber preferences here](#).

 **165** events and conferences attended

 **71** panel discussions

Covering payments, app scams and fraud, and open banking.

 **11** speaking events

Covering the future of payments, open banking, and tackling fraud

 **UK Parliament**

1 Select Committee hearing

2 written responses

6 APPGs attended

Parliamentary engagement is an essential part of our work.

We worked closely with Treasury as the Financial Services and Markets Bill progressed through Parliament.

We gave evidence to the TSC on the work of the PSR, and provided written response to a select committee inquiry.

Hearing a variety of views and taking part in important discussions meant we attended numerous All-Party Parliamentary Group (APPG) meetings including APPG Data Poverty, APPG Crypto and Digital Assets and presented to the APPG Open Banking and Payment and the APPG on Dementia.