

Response paper

APP fraud data reporting guidance

Changes to reporting
guidance (cycle 2)
following consultation

November 2023

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1 Changes to the reporting guidance – cycle 2

This document accompanies our guidance on reporting authorised push payment (APP) scam data for the second reporting cycle (January to December 2023) and should be read alongside it. This document discusses our decisions on key issues raised in our consultations in August (CP23/5) and September (CP23/8) and changes that we have made to the reporting guidance following cycle 1. We may issue updated reporting guidance for each reporting cycle.

Background

- 1.1** In March 2023, we issued our policy statement PS23/1, *APP scams: Measure 1 – Collection and publication of performance data*¹, along with Specific Direction 18 and reporting guidance² relating to the policy statement.
- 1.2** Our work on the publication of APP scam data is part of a broader package of work to ensure that measures and incentives are in place across the payments industry to prevent and better support victims of scams.
- 1.3** The first reporting cycle (cycle 1) started on 1 April 2023 and related to two reporting periods:
 - January to June 2022.
 - July to December 2022.
- 1.4** In May, the directed PSPs provided their first submission of data to us. In October, we published this data.³
- 1.5** The reporting guidance assists PSPs with providing the correct data. We said that we would update the guidance when required. The implementation of cycle 1, and extensive stakeholder engagement with sending and receiving PSPs, have provided opportunities for learning. As a result, we updated and consulted in August (CP23/5)⁴ and September (CP23/8)⁵ 2023 on proposed changes to the reporting guidance for cycle 2.

1 PS23/1, [APP scams: Measure 1 – Collection and publication of performance data](#) (March 2023).

2 [Reporting guidance. Final version: first reporting cycle – half-years Jan-Jun 22 and Jul-Dec 22](#) (March 2023).

3 www.psr.org.uk/news-and-updates/latest-news/news/psr-publishes-first-app-scams-performance-report/

4 CP23/5, www.psr.org.uk/publications/consultations/cp23-5-app-fraud-app-scams-measure-1-reporting-guidance-second-cycle/

5 CP23/8, www.psr.org.uk/publications/consultations/cp23-8-app-fraud-app-scams-measure-1-cycle-2-additional-changes-to-timeline-and-reporting-periods/. Following our initial consultation in August (CP23/5), we revised our plans and in September proposed further changes in relation to the timings and reporting periods captured under cycle 2.

- 1.6** We are grateful to stakeholders who have taken the time to respond to our consultations and engaged with us to improve processes for future cycles.

Changes to the reporting guidance

- 1.7** We set out below the main changes that we have made to the reporting guidance for cycle 2 and our decision on key issues raised in our consultations CP23/5 and CP23/8.

Summary of the changes

Area	Has the PSR's proposal changed since we consulted in (CP23/5) and (CP23/8)?	Section of the reporting guidance
Data sharing agreements	No	5.15 to 5.18
Directed PSP commentaries	Yes	3.33 to 3.43
Receiving PSPs providing clear reasons for challenge	No	5.32 to 5.34
Cycle 2 reporting period and timeline	No	5.13
Changes to the timetable	Yes	Annex 1
Financial Ombudsmen Service (FOS) rulings	Yes	3.71 to 3.77
Total Faster Payments transactions	Yes ⁶	3.4 and 4.30
EISCD list	Yes ⁷	3.62 to 3.63
Data fields template	Yes	5.19 to 5.24

Data sharing agreements

- 1.8** In CP23/5, we proposed no change to data sharing agreements. One firm however did raise the concern that receiving PSPs should not be compelled by sending PSPs to sign a data sharing agreement.

⁶ We did not consult on total Faster Payments transactions but have made changes to our approach since the last reporting guidance based on lessons learned from cycle 1.

⁷ We did not consult on the EISCD list but have made changes to our approach since the last reporting guidance based on lessons learned from cycle 1.

- 1.9** We have considered standardising the process for sharing data between PSPs but consider that the costs would outweigh the benefits, given that any agreement would be temporary and would be superseded by the reimbursement requirements once they take effect.
- 1.10** As such, we encourage industry to work together to find pragmatic ways to exchange data. We will continue to support the industry in finding innovative ways of doing that.

Directed PSP commentaries

- 1.11** In our first cycle reporting guidance published in March 2023, we said that directed PSPs could provide commentary on the main themes of their results and variations compared to the previous period.
- 1.12** We found that some PSPs provided explanations to accompany their data but in many cases did not provide enough information to assist us with analysing the data, or did not explain data discrepancies in accompanying documents.
- 1.13** In CP23/5, following engagement with stakeholders, we consulted on directed PSPs providing three areas of commentary:
- a. Information to help receiving PSPs.
 - b. Information to help us understand how the data has been prepared.
 - c. Commentary on a PSP's performance.
- 1.14** In response to our consultation CP23/5, we received five responses from PSPs. Two were fully supportive of the PSR's proposals.
- 1.15** We heard from two firms that commentary for receiving PSPs may not be useful given issues are likely to be firm-specific. We have considered this feedback and do not share this view. Directed PSPs should provide information where it would be useful for a receiving PSP to understand the data. This could include notes that the PSR could pass on to receiving PSPs when sharing the data with them. This could either be a redacted or a non-confidential version of the data commentary provided to the PSR. This would help receiving PSPs to understand the data about themselves, and why differences may have arisen between their own view of results and that provided by the directed PSP.
- 1.16** We are still requiring directed PSPs to provide commentary on data preparation and performance. In our consultation, we heard concerns from directed PSPs that it would be challenging to provide commentary on performance ahead of receiving rankings. We recognise that until firms are aware of their rankings, they may be limited in providing a definitive view of their performance. Nonetheless, we still consider that PSPs should be able to provide insight and commentary on the potential factors that may have affected their performance irrespective of rankings.

Receiving PSPs providing clear reasons for challenge

- 1.17** During cycle 1, some directed PSPs indicated that during the Metric C process, when some receiving PSPs were requesting data, they did not always explain why they were challenging the data.

- 1.18** In CP23/5, we proposed that receiving PSPs provide a brief explanation for their challenge when requesting further data from a directed PSP during the Metric C process.
- 1.19** We also proposed that where sponsor PSPs are seeking information from directed PSPs, to allow them to disaggregate their results across their indirect PSPs, there is no need for the sponsor PSPs to provide a justification to directed PSPs.
- 1.20** We received two responses on these points, one in favour of our proposal and one against.
- 1.21** We have made no change to the proposals set out in CP23/5. Receiving firms are reminded to submit challenges on a case-by-case basis rather than blanket requests.

Cycle 2 reporting period and timeline

- 1.22** In PS23/1, we said that we would collect cycle 2 data (and future data collection cycles) to cover a six-month period. In August (CP23/5) and September (CP23/8), we consulted on proposals to move reporting cycles from 6-monthly to 12-monthly reporting.
- 1.23** We can now confirm that for cycle 2, the reporting period will cover a 12-month period and capture all of 2023. We have taken this decision as we recognise that there are significant complexities associated with validating data between sending and receiving PSPs, and that for many firms the processing of the data has been a lengthy and manual process.
- 1.24** We also recognise that over the rest of 2023 and 2024, firms will be preparing for our reimbursement measures taking effect in October 2024, which are a significant change process for the industry. Our new approach will streamline the data-collection process as firms would only need to submit their data for both halves of 2023 once rather than twice. We consider this to be a more efficient use of industry resources and will support the industry to focus efforts on being ready for our reimbursement requirements.
- 1.25** The majority of stakeholders supported our proposals. However, one PSP believed that retaining the 6-monthly reporting cycle and publishing this data more often was a better outcome for consumers as it would place greater incentives on firms to improve their performance. It is our view that cycle 1 has highlighted which firms need to do more to prevent APP scams, and this provides the incentive for firms to address poor performance and take appropriate steps, otherwise they risk being named as the worst performing in future publications.
- 1.26** In addition, our plans to implement our reimbursement measures in 2024, and the implication that this might have, in terms of the liability that firms may face, will continue to incentivise firms to take greater steps to prevent scams happening. We have already seen that cycle 1 has started to prepare industry to assess its own performance, improving communication between sending and receiving PSPs, well in advance of the reimbursement regime, and we expect this to continue.
- 1.27** We will also continue to work with our regulatory partners to address poor performance through targeted action plans. As such, we do not consider that changing the frequency of reporting has diluted the reputational incentives on PSPs. This approach allows us to continue to deliver against our overall objectives to tackle APP scams and improve outcomes for consumers.

- 1.28** Our proposals would mean that for cycle 2 the data collection covers H1 2023 and H2 2023. The deadline for the initial submission is 16 February 2024 and we intend to publish the data in July 2024.
- 1.29** In terms of reporting data beyond H2 2023, we expect that we will need to run one more cycle (cycle 3). Our Measure 1 data-collection processes are transitional arrangements until our reimbursement measures take effect in 2024. Following the implementation of our reimbursement requirement, we expect the data that will be collected as part of the compliance regime can be used to replicate the metrics for Measure 1 – thus negating the need for a separate data collection process. We will confirm the timing and reporting period captured under cycle 3, as this will be dependent upon the progress made with the implementation of our reimbursement measures over the course of 2024.
- 1.30** To implement the changes above, we have removed references from SD18 that relate to specific months for the ‘first PSR reporting day’, the ‘final PSR reporting day’, the ‘publication month’ and the reporting period. Instead, details relating to the timelines for cycle 2 can be found in the reporting guidance (Annex 1).

Changes to the timetable

- 1.31** Due to the change in the reporting period from six months to 12 months, we have also updated the timetable for cycle 2 and consulted on this in CP23/8.
- 1.32** We received four responses that were supportive of our proposed changes on the cycle 2 timetable. Two firms asked for additional time to be added to the cycle 2 timetable. We consider that the changes we are making to the overall process will simplify and improve the process for cycle 2. As such, we do not consider that it is necessary to elongate the timelines for cycle 2. However, we will carefully monitor this and keep the industry updated if further changes are required.
- 1.33** Following the completion of cycle 1, we have made the following changes to the cycle 2 timetable:
- a. Sponsor PSPs now have three extra days to provide a provisional disaggregated list of indirect PSPs and their results to the PSR.
 - b. The final reporting day has also been moved from 29 May to 21 May. The change will allow for additional time to ensure that sending PSPs effectively communicate the changes in the final data to the sponsors, and subsequently so that the sponsors have enough time to provide a final disaggregation of their latest revised data to the PSR.

Financial Ombudsman Service rulings

- 1.34** In cycle 1, we sought to exclude from the reporting of reimbursements any reimbursements related to Financial Ombudsman Service (FOS) rulings. Firms were asked to report FOS rulings separately so that they could be distinguished from other reimbursements.
- 1.35** In CP23/5, we proposed that PSPs no longer exclude FOS reimbursements or separately identify them. This was based on our understanding at the time that it had been difficult for PSPs to do this.

1.36 In cycle 1, many PSPs did not properly exclude FOS data from their submissions while others were inconsistent in their exclusion. It was only after the PSR followed up with the directed PSPs and requested more information that FOS reimbursements were able to be excluded.

1.37 Because of this, for cycle 2, any reimbursements related to FOS rulings **must be reported to the PSR**. We will not include FOS data within the overall reimbursements, and we do not intend to report this data. However, this data will be used by us to ensure it is being excluded consistently from Metric A calculations across PSPs.

Total Faster Payments transactions/sponsor disaggregation

1.38 In cycle 1, we asked directed firms to provide data relating to consumer payments only. We did not consult on collecting total Faster Payments transactions in CP23/5 or CP23/8.

1.39 While the focus of our work remains on consumer APP scam cases, consumer APP scam payments and consumer payment transactions, for cycle 2 we are requiring PSPs to submit data on total payment transactions (sent from any account, including both consumer and business accounts). This data will be used by us to aid the disaggregation of sponsor banks' scam data.

1.40 Total payments transactions refer to the volume and value of all transactions **(both via Faster Payments and on-us)** sent from any account (including both business and consumer accounts) to any account (including both business and consumer accounts) at any receiving PSPs.

EISCD list

1.41 During cycle 1, one of the major hurdles when analysing data submissions was the use of different Extended Industry Sort Code Directory (EISCD) lists by different PSPs.

1.42 In order to rectify this issue for cycle 2, we are proposing that all directed PSPs use the EISCD list that is live on 31 December 2023 for their data submissions. The PSR will also confirm and send this list to PSPs in early January 2024 to ensure everyone is working with the same EISCD list.

Data collection template

1.43 We have implemented the lessons learnt from cycle 1 and streamlined the template to ease the data inputting process:

- **Do not edit:** Please do not edit the template in anyway including changing/adding/deleting rows and columns. Please only input data in the respective reporting fields.
- **One Excel file:** Each sending PSP only needs to fill one Excel file that will capture data for the entire reporting year, as opposed to one Excel file for each half-year in the old template. Data will still be segmented by H1 and H2 but will be inputted in the same file.
- **Sending PSP entities:** We have added a tab for sending PSPs to list all of their own brands/subsidiaries/sending entities that are included in their data submission.

- **Metrics A and B:** We have combined the four different Metric A&B tabs into one tab for ease of inputting data and to reduce the scope for errors. This also includes FOS data which will not be reported in our publication, but must be provided to the PSR to ensure it is being excluded consistently from Metric A calculations across PSPs.
- **Metric B consumer transaction data:** We have added rows for PSPs to provide additional data points in this tab, separating out on-us transactions.
- **Metric C:**
 - There are two tabs to fill out for Metric C, one for H1 and one for H2. Each half-year tab includes columns for both the volume and value variables so there is less risk of inconsistency when reporting the data.
 - While the primary focus of our work remains on consumer APP fraud cases, consumer APP fraud payments and consumer payment transactions, we have added columns for total payment transactions (sent from any account including both consumer and business accounts) to aid in our disaggregation of sponsor banks' fraud data. We do not require information on non-consumer APP fraud cases and non-consumer APP fraud payments.
 - We have also added 100,000 rows to each half-year tab to remove the need for sending PSPs to add additional rows for receiving PSPs.

Data fields template

1.44 In our consultation CP23/5, we received feedback from six firms on our suggested data fields. Most respondents found this beneficial – but taking into account differences in how data is collected by different firms, we have made the following changes to improve the process:

- a. Where Faster Payments transaction ID is provided, it must be 42 characters.
- b. PSPs now have the option of providing **either** the 42-character Faster Payments transaction ID **or** sort code and account number.
- c. PSPs are no longer required to provide the number of linked Faster Payments transaction IDs or linked Faster Payments transaction IDs.
- d. PSPs are only required to provide the date the scam was reported to the receiving PSP if they are using the sort code and account number as the unique identifier rather than the Faster Payments transaction ID.

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