

PSR regulatory fees: 2018/19 fees figures

Document setting out
the fees figures for 2018/19

June 2018

In this document, we set out the figures for 2018/19 regulatory fees for the Payment Systems Regulator (PSR).

The fees are used to fund the PSR's functions under:

- the Financial Services (Banking Reform) Act 2013
- the Payment Card Interchange Fee Regulations 2015
- the Payment Services Regulations 2017

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You can download this document from our website: www.psr.org.uk/psr-publications/policy-statements/PS-2018-19-fees-figures

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1 Introduction

Background

- 1.1** When this document refers to 'we' or 'us', this means the Financial Conduct Authority (FCA) and the PSR jointly.
- 1.2** Every year, the PSR receives regulatory fees (PSR fees) from fee payers. We levy these fees to fund the PSR's operations to perform its functions under relevant legislation. These include functions under and as a result of:
- the Financial Services (Banking Reform) Act 2013 (FSBRA)
 - the Payment Card Interchange Fee Regulations 2015 (PCIFRs)
 - the Payment Services Regulations 2017 (PSRs 2017)
- 1.3** FSBRA enables the FCA to raise fees to fund the PSR to perform its functions. The FCA does so through its rules requiring specific groups of legal persons to pay specified amounts, or amounts calculated in a specified way.
- 1.4** The PSR also has functions under the Payment Accounts Regulations 2015 (PARs 2015). The fees payable in relation to these functions are separate from the PSR regulatory fees regime set out here. You can find out more about those fees in a separate document.¹
- 1.5** The PSR regulatory fees regime, including the collection and allocation methodology that we will use every year, is set out in Chapter 4 in PS18/12.²
- 1.6** This document sets out the figures we will use to calculate the regulatory fees for each PSR fee payer in 2018/19.
- 1.7** We will publish a similar document each year to provide the updated figures.

Who should be interested in this document?

- 1.8** This document will be of interest to:
- participants in regulated payment systems under FSBRA
 - regulated persons under the PCIFRs
 - regulated persons under the PSRs 2017

1 *PS16/2, The application of the PARs 2015 in respect of alternative arrangements for switching accounts* (May 2016): www.psr.org.uk/sites/default/files/media/PDF/PS162-the-application-of-the-PARs.pdf

2 *PS18/12, PSR regulatory fees* (June 2018): www.psr.org.uk/psr-publications/policy-statements/PS-18-12-PSR-regulatory-fees

- 1.9** If you are a PSR fee payer – that is, a payment service provider (PSP) who falls under paragraph 1.8 (or a payment system operator acting as such):
- a. you are required to pay PSR fees that are determined by the allocation method set out in this document and in the FCA Handbook rules in FEES 9 Annex 1R
 - b. you are also required to pay an amount of your PSR fees as a pre-payment each year (that is, on account) if you meet the requirement set out in FEES 9.2.2R; the way that is calculated is specified in FEES 9.2.2R(1)
 - c. you may want to verify your firm’s contact information and transaction data with the operators of the relevant payment systems before they submit the data to us by 1 March
- 1.10** If you are a payment system operator who falls under one of the groups in paragraph 1.8:
- a. you are required to provide the PSR and FCA with the relevant transaction data and the contact details of the relevant PSPs by 1 March every year. This is set out in the FCA Handbook rule in FEES 9.2.4DR
 - b. you should confirm the accuracy of the transaction data you propose to send to us with any PSP who requests it
- 1.11** This document contains no material directly relevant to retail financial services consumers or consumer groups (although financial services consumers may contribute to regulatory fees indirectly).
- 1.12** For more information on the PSR’s fee policy and methodology, see PS18/12, Chapter 4.

2 2018/19 PSR fees figures and timetable

The annual figures for 2018/19 PSR fees

2.1 The annual figures for 2018/19 PSR fees are as follows:

- a. The annual funding requirement (AFR) for 2018/19, published in our annual plan³, is £14,911,200 (rounded to the nearest 100).
- b. The amount of underspend for 2017/18 is £1,029,400 (rounded to the nearest 100). We will deduct that from the overall fees that we will collect from fee payers this year.⁴ That gives us an amount to be collected of £13,881,800.
- c. The denominators for the transaction volume block and the transaction value block are determined by the sum of all fee payers' total transaction volumes and values across all regulated payment systems for the 2017 calendar year.⁵ They are:
 - i. the total transaction volume of all fee payers: 61,744,408,741
 - ii. the total transaction value of all fee payers: £164,819,556,074,825

2.2 Each payer's PSR fees for 2018/19 are determined by the following formula:

$$\begin{aligned}
 &\textbf{Fees allocated to a PSR fee payer} \\
 &= \\
 &\text{its fees under the volume block (Vo)} \\
 &+ \\
 &\text{its fees under the value block (Va)} \\
 \hline
 &\textbf{Vo} \\
 &= \\
 &(\text{£13,881,800} \times 80\%) \\
 &\times \\
 &\left(\frac{\text{The sum of fee payer's relevant transaction volumes in all systems}}{61,744,408,741} \right) \\
 &\textbf{Va} \\
 &= \\
 &(\text{£13,881,800} \times 20\%) \\
 &\times \\
 &\left(\frac{\text{The sum of the fee payer's relevant transaction values in all systems}}{164,819,556,074,825} \right)
 \end{aligned}$$

3 *Payment Systems Regulator Annual Plan and Budget for 2018/19*: www.psr.org.uk/sites/default/files/media/PDF/AP-2018-19.pdf

4 As part of our review of the PSR regulatory fees regime, we have changed our approach to treating underspend. Information on the change and the decision can be found in PS18/12. www.psr.org.uk/psr-publications/policy-statements/PS-18-12-PSR-regulatory-fees

5 We have received the transaction volumes and values data for the 2017 calendar year from payment system operators.

- 2.3** You can read more about the allocation method and formula in PS18/12, paragraphs 4.18 to 4.26.
- 2.4** The 80:20 volume-to-value ratio is fixed and is not subject to change every year. We will consult stakeholders if we propose to change the ratio.
- 2.5** Where applicable for the transaction value block, we will use the HMRC 2017 yearly average foreign exchange rates to convert non-GBP transactions to GBP. These exchange rates are published on GOV.UK.⁶ The relevant conversion rates are as follows:
- EUR 1.00 = GBP 0.8725
- USD 1.00 = GBP 0.7796

The timeline for data provision and fees collection for 2018/19 fees

- 2.6** Table 2 sets out the 2018/19 fees collection timeline. This includes the timings for when:
- payment system operators** should submit the relevant transaction data and contact details to the PSR and FCA
 - the PSR** will publish the annual figures for PSR fees for that fee year
 - fee payers** can expect to pay the PSR fees, after receiving an invoice from the FCA

Table: Timeline for PSR fees collection and data provision for 2018/19

February to March 2018	The FCA sends eligible fee payers invoices for on-account PSR fees for the next fee year starting on 1 April. These on-account fees are based on the fee payers' fees for the fee year ending on 31 March. These fee payers pay on-account fees by 1 April.
By 1 March 2018	Operators submit transaction data from the previous calendar year and relevant contact details to the PSR and the FCA by 1 March.
By early July 2018	The PSR publishes the annual PSR fees information for 2018/19 fees – namely: <ul style="list-style-type: none"> the PSR's annual funding requirement for 2018/19 transaction data submitted to the PSR and the FCA by operators (see above)
July to August 2018	The FCA issues invoices to all fee payers for the remainder of PSR fees for 2018/19. <p>On-account fee payers pay the balance of PSR fees for 2018/19 by 1 September 2018. This is their PSR fees less any on-account payments made (see above).</p> <p>All other fee payers pay PSR fees within 30 days of receiving the invoice.</p>

⁶ *HMRC foreign exchange rates: yearly averages and spot rates*, Average for the year to 31 December 2017: www.gov.uk/government/publications/exchange-rates-for-customs-and-vat-yearly

