

# 2019 access and governance report on payment systems: update on progress

We have published our fourth report on access to payment systems and the governance of those systems

## What is access and why is it important?

To be able to transfer funds for their customers, payment service providers (PSPs) - such as banks and money remitters - need access to payment systems. Effective access and well-governed payment systems are critical to promoting competition and innovation in payments, and promoting more competition in payment services and retail banking.

Since our last report, we have seen a number of improvements in the provision of access to and the governance of payment systems. We have seen new entry across different systems, which ultimately promotes competition and the interests of people and businesses. We have also seen emerging challenges, such as some credit institutions altering their access criteria for payment account services.

## Direct access developments 2018 highlights

2018 saw a record number of new direct participants – 12, up from 7 in 2017 – joining Faster Payments Scheme (FPS), Bacs and CHAPS.

The first non-bank participants joined directly, and the first new participants connected directly to FPS using a sponsor for settlement.

Aggregator models continued to develop, with PSPs now joining directly through a shared gateway, simplifying the process.

2018 was another record year for new participants joining the interbank payment systems: CHAPS, FPS and Bacs.

	New participants in 2017	New participants in 2018	New participants in 2019*
Bacs	3	4	2
CHAPS	2	5	3
FPS	6	8 ^	10
<b>Total</b>	<b>11</b>	<b>17</b>	<b>15</b>
Of which were 'unique' users	7	12	13

\*Estimated

^ While there were nine new participants in FPS, one had an agreement with an existing participant to replace its position.

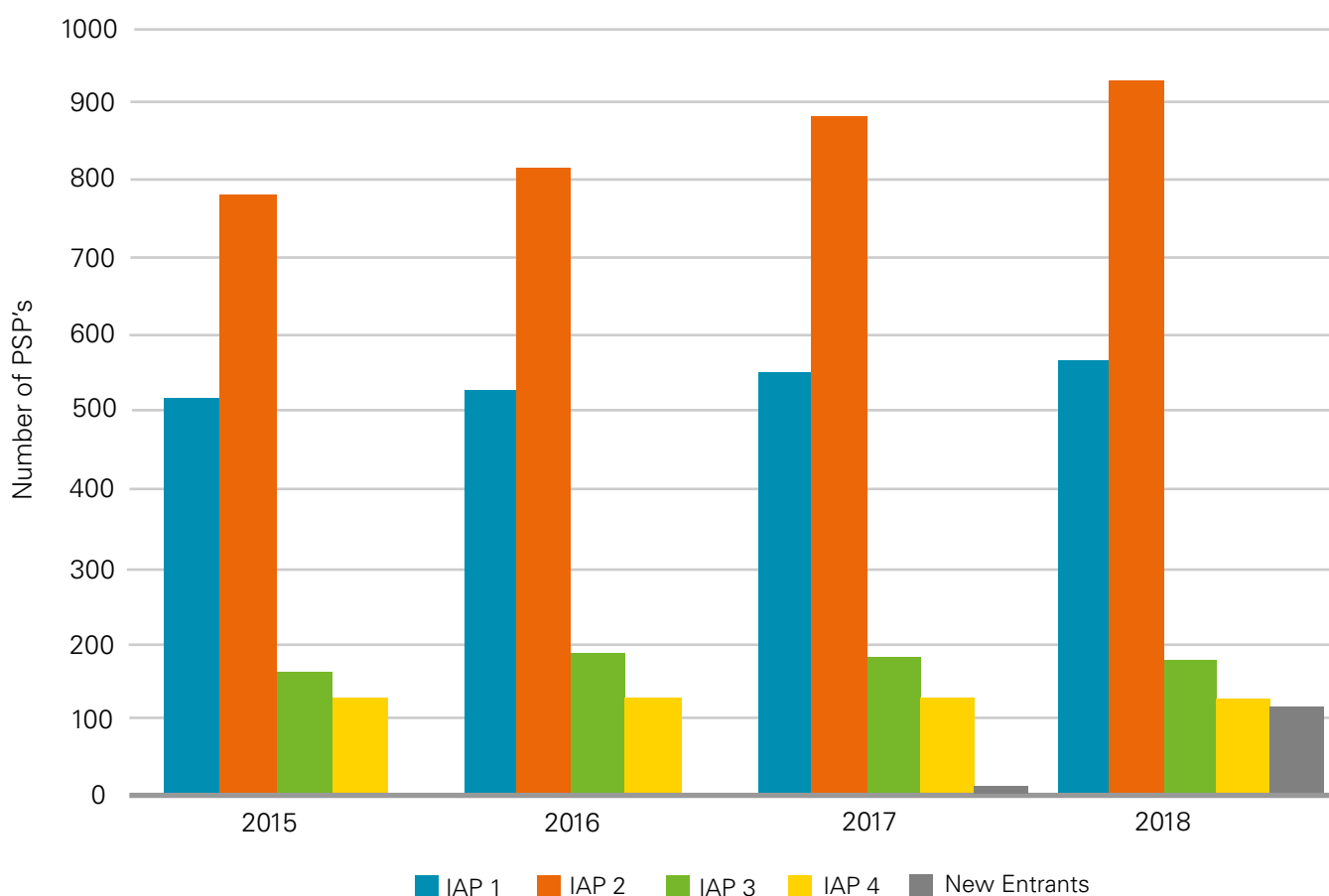
## Indirect access developments 2018 highlights

We have seen new entrants enter the market for providing indirect access to payment systems. These new entrants are actively onboarding PSPs, particularly payment institutions, expanding the access options for the small end of the market, which is where we highlighted a concern in our 2015/16 market review into the supply of indirect access to payment systems.

However, some credit institutions have altered their access criteria for PSPs, particularly for money remitters.

The Payment Services Regulations 2017 commenced, largely superseding our FSBRA access powers and creating new obligations relating to indirect access.

### Number of PSPs by IAP each year



## Governance 2018 highlights

Pay.UK continued to engage with service-users on aspects of its existing service offerings and plans for new service offerings, including through new stakeholder engagement advisory groups.

Pay.UK also progressed work developing the New Payments Architecture (NPA), including commencing the procurement process for the NPA central infrastructure provider.

## A continuing priority for the PSR

We have seen that the choice and quality of access to payment systems have improved significantly since the PSR's creation in 2014. However, this remains a key priority for us because open access to high-quality payment systems is vital for the provision of competitive and innovative payment services to users who participate in the systems: people, businesses, charities and others.