

General Direction 4

Service-user interests (interbank payment systems) (2020)

March 2020

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1 Recitals

Whereas:

- 1.1** The PSR gave General Direction 4 and General Direction 6 under the Financial Services (Banking Reform) Act 2013 (FSBRA). They came into force on 30 September 2015 and 30 April 2015 respectively.
- 1.2** The PSR has reviewed General Direction 4 and General Direction 6 and, following consultation, has decided to consolidate them into one General Direction to:
- reflect service-user interests
 - reflect the requirement for regulated interbank payment system operators to take account of those interests
 - reflect the requirement for regulated interbank payment system operators to produce a public report on stakeholder engagement
 - remove application to the operator of CHAPS
- 1.3** The PSR has decided to give a new General Direction 4, replacing the General Directions 4 and 6 we gave in 2015.

2 Powers exercised and purpose

- 2.1** The PSR gives this General Direction in accordance with Sections 54(1) and (3) of FSBRA.
- 2.2** We have had regard in particular to sections 49 to 53 of FSBRA (General duties of the Regulator).

Direction

NOW the PSR gives the following general direction:

3 Service-user interests (interbank payment systems)

- 3.1** The operator of a regulated interbank payment system must actively ensure that it takes the views of each relevant service-user into account in setting its strategy and in making decisions, including those related to the payment system's design and rules.
- 3.2** This means that the operator must make decisions based on a clear set of objectives. Before making a decision, the operator must take appropriate steps to ensure it has:
- collected and fully understood service-users' views
 - assessed those views in light of all of the relevant facts
 - weighed them against any other competing views or interests, including economic and technical analysis
- 3.3** The operator must communicate its strategy and decisions to service-users. In doing so, it must ensure it effectively conveys how it has considered service-users' views appropriately in making its decision. This communication should be made in writing as soon as possible after the decision is made.
- 3.4** The operator's communications with service-users should include, but not be limited to, the publication of relevant board minutes. However, board minutes alone will not amount to compliance with paragraph 3.3. Operators should consider what additional steps they need to take to ensure that they communicate relevant issues to service-users effectively and without unnecessary delay.
- 3.5** The operator must publish a report on its engagement with service-users once a year, covering the 12-month period to 30 September. It must do this by 31 October the same year.

The report must:

- explain service-user engagement over the preceding 12 months
- detail the issues that the operator expects to discuss with its service-users over the next 12 months, and how it intends to engage with service-users
- include any information that we may, from time to time, require

An operator may publish reports on its engagement with service-users more frequently.

- 3.6** The operator must give us an outline of the contents of its annual service-user engagement report at least three months before publishing it, where possible. It must address any views we have views on this outline.

- 3.7** If we require an operator to include particular information in the annual report, we will give it at least eight weeks' notice before the final date for submission.

4 Application

This General Direction applies to the operators of regulated interbank payment systems.

5 Revocation of 'day one' General Directions 4 and 6

Our original General Directions 4 and 6, which we gave in 2015, are revoked.

6 Commencement

This general direction comes into force on 5 April 2020.

7 Citation

This general direction may be cited as General Direction 4: Service-user interests (interbank payment systems) (2020).

8 Interpretation

- 8.1** The headings and titles used in this General Direction are for convenience and have no legal effect.
- 8.2** The Interpretation Act 1978 applies to this General Direction as if it were an Act of Parliament, except where words and expressions are expressly defined.
- 8.3** References to any statute or statutory provisions must be construed as references to that statute or statutory provision as amended, re-enacted or modified, whether by statute or otherwise.
- 8.4** In this general direction, the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word, and the word 'include' and its derivatives shall be construed accordingly.

8.5 In this General Direction, the following definitions and abbreviations apply:

operator	as defined in section 42(3) of FSBRA
PSR	the Payment Systems Regulator, the body corporate established under Part 5 of FSBRA references to 'we', 'us' and 'our' mean the PSR
regulated interbank payment system	an interbank payment system designated by the Treasury under section 43 of FSBRA, excluding CHAPS
service-user(s)	those who use or are likely to use services provided by regulated payment systems

Made on 5 March 2020

Chris Hemsley
Managing Director
Payment Systems Regulator

Explanatory notes

1. We recognise that an operator may have service-users outside the UK. For the purposes of this direction, we accept that operators can reasonably assume that relevant service-users are those who engage with the services and activities of that regulated interbank payment system in the UK.
2. Operators' communication with service-users should be proportionate to the issues involved. Methods of communicating with service-users could include:
 - newsletters and bulletins issued to all service-users through a website or extranet
 - individual or group letters to affected service-users
 - consultations
 - minutes of working groups or other non-governing bodies
 - other more public-facing documents
3. When complying with the obligation under paragraph 3.4, the operator may withhold information from service-users due to justifiable reasons of legal professional privilege or commercial sensitivity.
4. In addition to acting in response to any complaints received from service-users, we may monitor an operator's compliance with General Direction 4 on an ad hoc basis.

Status of Directions and explanatory notes

Directions give rise to binding obligations. Breaching a direction is a compliance failure which makes a party liable to regulatory sanction.

Explanatory notes may be used, among other things, to explain provisions and requirements (such as General Directions) and/or to indicate how to approach compliance.

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