

# Workshop

## Access to UK Payment Systems

# Welcome

Mary Starks

Interim Managing Director of Payment System  
Regulator

# Agenda

Time	Item	
9am	Registration and tea / coffee	
9.30am	Welcome	Mary Starks
9.45am	Overview of PSR policy framework for reviewing access to UK payment systems	Jana Mackintosh
10.05am	Q&A	Gareth Thomas and panel: Mary Starks, Jana Mackintosh, Tim Keyworth
10.20am	Breakout session	
11.10am	Tea / coffee break	
11.30am	Break out session	
12.15pm	Closing remarks and next steps	Gareth Thomas
12.30pm	Networking lunch	

# Overview of PSR policy framework for reviewing access to payment systems

Jana Mackintosh  
Manager, Policy

# Key question on 'Access to payment systems'

**What type of access regime will deliver the best outcomes for payment system service-users?**

# Key question on 'Access to payment systems'

A number of themes have emerged from discussions with stakeholders regarding what a good access regime looks like. Specifically, an access regime should:

- Be **clear on what is meant by 'access'**
- Minimise the potential and perceived **barriers to access**
- Deliver a **well-functioning payments market**
- Consider the **systemic importance** of payments to the wider UK economy
- Consider the role that other characteristics such as **scheme structures** and **governance and ownership** play with respect to access
- Be **proportionate** to enable regulation to be targeted effectively

# What is meant by 'access' ?

**Access:** refers to the ability of all **Payment Service Providers** to use the **services** provided by payment systems to enable the transfer of funds between participants in payment systems.

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refers to the ability of all **Payment Service Providers** to use the **services** provided by payment systems to enable the transfer of funds between payment system participants.



### Direct access

Where a PSP has a **direct arrangement** in place with the **operator** of a payment system

### Indirect access

Where a PSP has an arrangement with another **payment service provider with direct access to the payment system**



# What is meant by 'access' ?

**Access:** refers to the ability of all **Payment Service Providers** to use the **services** provided by payment systems to enable the transfer of funds between payment system participants.



Large credit institutions  
Medium/Smaller credit institutions  
Building societies  
Credit unions  
E-money Institutions  
Payment Institutions  
Correspondent banks

# What is meant by 'access' ?

- **Payment Service Providers** are a diverse population. The **type** of access they demand is typically determined by:
  - the needs of the customers they serve
  - their technical capabilities
  - their regulatory status within the UK
  - their size and the nature of their business
  - the criteria for gaining different types of access
  - the relative cost of different access options
- Similarly the **type** of access options available to **Payment Service Providers** varies between schemes (BACS, CHAPS, C&CCC, FPS and LINK)

# What is meant by 'access' ?

The PSPs with **direct access** are primarily the large credit institutions but may also include smaller banks, building societies and foreign banks.

PSPs with **indirect access** can include:

- **Agency banks** – Primarily medium to smaller credit institutions and building societies that are eligible for a sort code
- **Corporate customers** – May include building societies, E-Money Institutions or Payment Institutions that offers a broad range of payments and financial services to customers. From a sponsoring bank's perspective, the services provided to this type of indirect participant are similar to those provided to corporate customers.
- **Correspondent banks** - Traditional international correspondent banking relationships with foreign banks are also typically of this type.

# PSR Strategic vision for 'Access to UK payment systems'

**Ensure open, fair, non-discriminatory access to payments infrastructure and systems**

# Reviewing 'Access to payment systems'?

- The PSR would like to understand:
  - whether the access regime (direct or indirect) is itself creating **barriers to entry**
  - whether certain **features of that access regime unduly prevent, restrict or distort competition** and innovation in UK payment systems.
- The views and experiences of service users and end users in payment systems will be key in informing the PSR's interim views and policy proposals.

# Views and experiences of stakeholders

**Barriers to gaining access** – e.g. regulatory and technology barriers

**Lack of choice** – e.g. limited number of sponsoring banks and high switching costs

**Complex on boarding requirements** – e.g. AML processes

**Terms and conditions** – e.g. non-transparent and complex access arrangements and uncertainty in supply

**Technical and operational requirements** – e.g. cost of technology solutions and non-standard interfaces

**Cost of access** – e.g. upfront and on-going costs/fees

**Quality of services** – e.g. lack of formal communication and service levels

**Changing regulatory landscape** – e.g. ring-fencing

**Credit and liquidity risk management requirements** – particularly onerous for smaller players

# Reviewing 'Access to payment systems'?

- The key considerations for the PSR will be:
  - to what extent the access criteria and terms and conditions are **necessary and proportionate** to achieve the underlying objectives, and
  - whether they are applied in **fair and non-discriminatory** ways
- Regardless of the type of access, PSPs should be able to:
  - Deliver **desired and beneficial outcomes** to service users and end users
  - Deliver a **ubiquitous end user experience**
  - **Compete with rivals** within the payments market

# Q&A

Gareth Thomas, PSR Programme Director  
Panel: Mary Starks, Jana Mackintosh, Tim  
Keyworth



# Break out session 1

## – Other Inter-bank Systems

- Orange and blue stickers
- Congress Suites 1-3 (Lower Ground Floor)

## – Faster Payments

- Red and green stickers
- Invision Suites 1-2 (2<sup>nd</sup> Floor)

# Tea and coffee break

Congress Foyer

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# Break out session 2

## – Other Inter-bank Systems

- Orange and green stickers
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# Closing remarks and next steps

Gareth Thomas

Payment Systems Regulator Programme Director

# Networking lunch

Congress Foyer

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