

## **Video transcript – The authorisation process for payments firms**

### **Noor Muhdi, Payments Portfolio Manager, FCA:**

Firms usually start by interacting with our Authorisations teams. So recently our firms will have gone through re-authorisation or re-registration under PSD2 (revised Payment Services Directive) or firms that are new to FCA regulation will have recently been authorised or registered for the first time.

### **Zahra Ellahi, Payments Services Authorisation Manager, FCA:**

Well, there's a lot happening in the payment services space. And so when we're looking to authorise firms, what we want to do is make sure that they've got the necessary pieces in place to make sure that they can operate fully and comfortably as an authorised firm.

Typically, we've got 8 people looking at the normal applications, business as usual, and we've got around 8 to 9 people looking at the re-registration and re-authorisation of cases.

The Case Officer's job is essentially to look at the application and the information provided by the firm to make sure that it meets the requirements under the relevant legislation. They also really want to understand what it is that the firm's trying to do. So, in terms of the product, what is being offered to consumers? Do they understand what is being provided to them and the costs associated with that, and ultimately are there going to be any harms caused by us authorising the firm?

We work really closely with people across the organisation. So, departments like Innovate and the Sandbox will have seen innovative firms come through and we have a very closely liaison with that department in terms of what we're also seeing in the authorisation space so that we're joined up and can work together.

We also work very closely with our Policy team. We appreciate that a lot of things are still in development. We're seeing lots of new things come in that haven't been tested in the market before and that our Policy colleagues may not have seen before as well.

So, what we tend to see is a lot of questions around the business continuity arrangements. What we want to see from firms is that they've fully considered all the risks posed by the business and understand what could go wrong. We also want to see who might be responsible for what if something does go wrong and what they plan to do about it. So, what are the timelines in place for them to be able to report things to us.

And the final thing would be policies and procedures. That's the biggest thing that we go back to firms on so if you can make sure that your policies and procedures are up to date and reflect exactly what you would do in a situation. Those, you know, apply to sensitive business data, payments data and systems and controls that you might need to have set up and ready.

The biggest challenge that we have in Authorisations is making sure or having to go back to firms where there's blank space or they haven't really answered the questions fully. And by 'fully', I mean thinking about if we wanted to find out about the customer journey, has the firm fully understood and appreciated from a consumer's perspective or a customer's perspective what they might encounter and experience? And if they've noticed things that could go wrong, has the firm thought about what they can do to mitigate that?