

Video transcript – Payments team overview

Maha El Dimachki, Head of Payments, FCA:

Today is our Payments Department 'Live & Local', we're talking to our payments firms. It's one of the channels that we use to engage with the many firms that we have in our portfolio.

My team, in particular, looks at the non-bank payment service providers and e-money providers.

Noor Muhdi, Payments Portfolio Manager, FCA:

I'm going to cover 2 things really. Firstly, how we actually view the sector here at the FCA and then what are some of the interactions that you may have had.

It's our opportunity to speak to firms, to really get across our messages but also to hear from them. So, it's really important, especially for me as a Portfolio Manager to be able to meet my firms and discuss the issues that are happening with them and kind of talk to them about our expectations.

We try to consider all aspects and take a holistic view of current and future landscape. We know it's evolving almost daily.

Maha El Dimachki:

Culture and governance in the firms is key to us. You would expect that as the Financial Conduct Authority because of the behaviours of the firm potentially drive certain outcomes and if those outcomes, you know, drive harm, then obviously we need to look at that closely.

The second piece that's really important for our sector is operational resilience, cyber security and making sure that they have sound systems in place. More and more firms are looking at outsourcing some key functions in their operations. They need to ensure that they understand that they need oversight of the risk and control functions of those firms that they're outsourcing to.

The third piece is around financial fraud, payment fraud in particular, and the final piece is around looking at innovation.

Live & Local delegate 1:

I thought it was very good. The FCA have got a reputation for being a fairly remote, inflexible organisation and I think they've improved their standing remarkably.

Live & Local delegate 2:

It's really good that they actually integrate with us and communicate with us as early as possible. I think it's really quite nice.

Nicholas Webb, Technical Specialist, FCA:

The key change obviously came in from 13 January 2018 with PSD2 (revised Payment Services Directive) coming into effect or Payment Services Regulations 2017 for the UK purposes. They introduced a range of changes, things like new rules on complaints handling. We've got new rules coming in around strong customer authentication.

There are a new set of firms being regulated for the first time, account information service providers and payment information service providers. And there are new conduct rules for those firms but also for payment service providers that provide payment accounts accessible online – they need to facilitate access in some way and there are new rules and requirements around how they do that coming into force from September 2019.

We also have a whole raft of new reporting to be considered, new complaints reporting, new notifications when things go wrong under the Major Incident Notification process as well as new requirements on operational security risk assessments.

PSD2 is a good example of the regulations being updated to reflect changing practice, whether that's the digital economy coming through or new services like account information service providers and payment initiation service providers.

Maha El Dimachki:

We want to be open and transparent with the firms that we regulate. We want them to be open and transparent with us. We'd like a relationship where we can engage and learn from each other through this process of new regulation coming in, innovation in the market and a lot of exciting buzz and activity but ensuring that together we are achieving the right, safe environment and ecosystem for all participants.