



# Regulatory Priorities

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## Payments

**March 2026**

## This Regulatory Priorities report is for:

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Firms authorised or  
registered under the  
Payment Services  
Regulations 2017 and  
the Electronic Money  
Regulations 2011

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Regulatory Priorities  
reports at  
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# Foreword



We're committed to being a smarter regulator – predictable, purposeful and proportionate.

Central to that is how we communicate to the firms we regulate what's important to us.

These new Regulatory Priority reports replace more than 40 portfolio letters. Published annually, they set out our areas of focus by industry sector. They attempt to pull together all that we're doing – whether by supervisors or in policy development. A clear, succinct, one-stop shop.

They should act as a guide for firms' boards and chief executives. You should read these reports carefully, review the priorities within them – and act where you need to.

This is the latest example of how we're transforming the way we supervise. This year, we'll go further, expanding dedicated supervisory contacts, applying a more risk-based approach for our largest firms, and making data collection more targeted and efficient. Our goal is simple: less intensive attention on firms doing the right thing, and stronger, faster action where harm is greatest.

Importantly, we also want you to engage with us. We welcome your feedback on these reports and our approach to supervision. Share your insights, challenge our thinking, and work with us as we refine this new model.

Together, we can build a regulatory system that deepens trust and rebalances risk, to support growth and improve lives.

## **David Geale**

Executive Director of Payments and Digital Finance

## **Matthew Long**

Director of Payments and Digital Assets

# Executive summary

The payments sector has continued to develop, driven by technological advances like open banking, and digital payment methods like stablecoins and tokenised deposits. The potential for innovation to deliver better outcomes for consumers and markets is encouraging. This includes offering consumers and businesses more payment methods that meet their needs.

Over the past year, we've collaborated closely with the Treasury, regulators and the industry on delivering the Government's [National Payments Vision](#) (the Vision). We're working on initiatives to make sure the payments sector is safe, innovative and competitive, and supports growth.

Trust and confidence are essential for growth and competition and are based on firms meeting proportionate standards. We've seen better outcomes for consumers where firms have implemented the Consumer Duty (the Duty) effectively, but some are still falling short. Similarly, some firms have improved their governance and systems and controls to protect financial system integrity and keep their customers' money safe – but others have more to do. We've been robust to mitigate the risk of harm, using our supervisory and enforcement tools.

Firms should identify the messages in this letter that are relevant to them and take appropriate action.

## Our payments priorities for this year

### Preparing for the future to support effective competition, innovation and growth

We'll continue our policy work in areas such as open banking, stablecoins, and modernising payments regulation to support positive innovation and competition. Firms should make any changes needed to comply with the applicable regulation on an ongoing basis and engage with us to ensure that future regulation is fit for purpose.

Firms that meet the criteria can use our [innovation services](#) to bring ideas to market in a controlled and sustainable way. We'll also support firms intending to apply for authorisation or registration.

### Ensuring firms implement the Consumer Duty effectively

We'll engage with firms to make sure they implement the Duty. Firms should assess their products, services and processes against all the relevant rules and guidance, including the Duty, on an ongoing basis. They should address any gaps in their compliance immediately; we'll take appropriate action against firms that don't do this.

### Protecting financial system integrity

We'll continue our work to fight financial crime, including fraud and money laundering. Firms should have effective governance arrangements and systems and controls, and the right skills to identify, assess and mitigate risk. They should read our upcoming policy statement on Incident and Third-Party Reporting rules and prepare to implement them.

### Keeping customers' money safe

We're concerned that customers' money may not always be safe if payments firms fail. Firms should have effective governance arrangements and systems and controls, and the right skills to identify, assess and mitigate risk. Our Safeguarding Supplementary Regime will come into force in May; firms should be ready to comply with our [rules](#).

# What we've done in the market

A lot has happened in the payments market since we published our [Dear CEO letter](#) in February 2025. Following the publication of the Government's Vision, we've worked with the Treasury, the Bank of England and the Payment Systems Regulator (PSR) as members of the [Payments Vision Delivery Committee](#), which published its [strategy](#) for future retail payments infrastructure in November. The strategy is anchored around 5 strategic outcomes that build on the Vision's pillars of innovation, competition and security. The [Retail Payments Infrastructure Board](#) will translate the Committee's strategy into design. We'll continue delivering the Vision through the Committee and as an observer of the Board, taking an interest in its design of future retail payments infrastructure and its impact on consumers and markets.

In June we published a revised Memorandum of Understanding with the Bank, the Prudential Regulation Authority, and the PSR to enhance regulatory cooperation. And following the Government's [consultation](#), we'll continue consolidating the PSR's functions into the FCA ahead of legislation where possible. This will streamline the regulatory environment and help us manage our collective impact on regulated firms, in line with our strategic priority to be a smarter, more efficient regulator.

The Committee published the [Payments Forward Plan](#) in February. It presents a consolidated view of the regulatory pipeline and its intended outcomes, to help firms plan and innovate.

As lead regulator for open banking, we've brought sector leaders together to help the industry develop commercial models for [variable recurring payments](#). We've helped industry incorporate a new entity to unlock low-risk use cases, including utility payments, financial services payments and payments to local and central government. We've also laid the foundations for e-commerce use cases. The expansion of open banking has the potential to enhance growth and competition in the sector.

We've also published our new [approach](#) to the contactless payment limits in the regulatory technical standards. Our changes will enhance consumer choice and flexibility for payments firms to support growth.



**As lead regulator for open banking, we've brought sector leaders together to help the industry develop commercial models for variable recurring payments.**



When firms meet proportionate standards, they instil trust and confidence, which are essential for growth and competition. To raise standards in the sector, we published a [policy statement](#) on changes to the safeguarding regime to address current weaknesses in firms' practices. We've also shared examples of good and poor practice for firms [communicating the cost of international payments](#) and for [risk management and wind-down planning](#). Firms should review our findings and take appropriate action.

We've assessed firms' governance arrangements and systems and controls at the gateway to ensure new entrants meet our standards. There have been higher approval rates for the payments sector, which should support future growth. Where firms have been unsuccessful in applying for authorisation or registration, we've seen issues with senior managers' competence and inadequate systems and controls – including financial crime controls. We encourage firms to pay particular attention to these areas when they apply. Assessing firms at the gateway will remain a key priority.

We continue to take robust action where we see harm in the sector, using our supervisory and enforcement tools to deliver good outcomes for consumers and markets. Collaborating with industry, regulators and law enforcement agencies to fight financial crime has been a priority, in line with the Government's and the FCA's strategic approach to fighting financial crime. We have improved our mechanisms for exchanging information with law enforcement agencies. Our remediation tools include:

- feedback to firms, with an expectation of remediation
- requirements applied to firms to limit risks until they improve their controls (such as restrictions on high-risk customer activity)
- appointing independent skilled persons, answerable to us, to review firms' systems and controls, make recommendations, and assure the remediation



Over  
**16 million**  
people and businesses used open banking in the UK in 2025, making over  
**29 million**  
payments on average per month.

Our priorities:

# Preparing for the future to support effective competition, innovation and growth

## Firms authorised or registered under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011

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### What we expect firms to do

- **Prepare for the future:** As we continue policy work on open banking, stablecoins, and modernising payments regulation, firms should make any changes needed to comply with the applicable regulation on an ongoing basis and invest where needed to ensure they're ready to comply with regulatory change.
- **Engage with us:** We encourage firms to respond to our policy papers and join events like our [Tech Sprints](#) and [Policy Sprints](#). This will help us ensure that future regulation is fit for purpose and allow firms to innovate safely.
- **Use our innovation services:** We can help firms that meet the criteria bring their ideas to market in a controlled and sustainable way.
- **Prepare for authorisation:** Firms intending to apply for authorisation or registration should prepare thoroughly and consider using our [pre-application support service](#).

We expect the payments sector to continue developing, driven by innovations that have the potential to boost growth and competition. We want to support this growth and ensure it delivers good outcomes for consumers and markets.

### What we'll do this year

- **Support the expansion of open banking:** Support industry in establishing a Future Entity for open banking. We'll also support the Treasury in introducing legislation to grant us powers to set new rules for the long-term regulatory framework.
- **Modernise payments regulation:** Work with the Treasury to modernise and future-proof the regulation of payment services and electronic money, to deliver a more agile and responsive regulatory environment. This will include considering whether change or development of regulation is needed to support agentive AI payments.
- **Explore stablecoins for payments:** Work with the sector to consider the appropriate way in which stablecoins and other tokenised payment instruments can be brought into regulated payments.

Our priorities:

# Ensuring firms implement the Consumer Duty effectively

## Firms authorised or registered under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011

### What we expect firms to do

- **Ensure ongoing compliance:** Firms should assess their products, services and processes against all the relevant rules and guidance, including the Duty, on an ongoing basis. They should address gaps in their compliance immediately.
- **Read our good and poor practice publications:** Firms should consider these findings to improve their practices:
  - [Implementing the Duty](#)
  - [International payment pricing transparency](#)
  - [Delivering good outcomes for consumers in vulnerable circumstances](#)
  - [Cryptoasset financial promotions and fiat-to-crypto on/off ramp services](#)

When firms implement the Duty effectively, they protect consumers and deepen trust. We've seen improvements, but there are still instances where firms are not acting to deliver good outcomes for retail consumers. For example, we recently found that firms could be more transparent about the cost of international money remittance and cross-border payments.

### What we'll do this year

- **Reinforce our expectations:** Continue to engage with firms on their obligations under the Duty, identifying gaps in compliance and taking appropriate action against firms that fail to address gaps. Areas of focus will include:
  - international payment pricing transparency
  - how firms treat consumers in vulnerable circumstances

Total customer complaints submitted to the Financial Ombudsman Service against payments firms

**fell 9%**

from 2024 to 2025.

Our priorities:

# Protecting financial system integrity

## Firms authorised or registered under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011

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### What we expect firms to do

- **Have effective governance, capability, and systems and controls:** Firms should have effective governance arrangements and systems and controls to identify, assess and mitigate risk. They should have the right skills to deliver their governance priorities and to design and test systems and controls.
- **Prepare for the future:** Firms should invest where needed to further embed operational resilience, including in processes such as new product design. They should ensure they are ready to comply with regulatory change and be ready to implement the rules in our upcoming policy statement on Incident and Third-Party Reporting. Firms should also engage with us on our work to modernise payments regulation.

Protecting and enhancing the integrity of the UK financial system helps to ensure that markets are effective, efficient, and reliable. This is the foundation of long-term competitiveness and growth.

We've been encouraged by some firms significantly enhancing their governance, oversight, and systems and controls. However, weaknesses in this area still pose risks to market integrity.

### What we'll do this year

- **Continue to assess:** Assess firms' governance, oversight, and systems and controls relating to financial crime and operational resilience. We'll take action against firms that consistently fail to meet standards.
- **Fight financial crime:** Tackle financial crime, including money laundering, and slow the growth of fraud, including authorised push payment fraud. We'll cooperate with industry, other regulators, and law enforcement agencies to reduce harm, exploring opportunities for greater data sharing. We'll use our supervisory intervention and enforcement tools where appropriate.
- **Enhance our operational resilience framework:** Publish our policy statement with the Bank of England and Prudential Regulation Authority on Incident and Third-Party Reporting rules.

Our priorities:

## Keeping customers' money safe

**Authorised payment institutions (except payment institutions which solely provide payment initiation services or account information services), authorised electronic money institutions, small electronic money institutions and small payment institutions**

### What we expect firms to do

- **Have effective governance, capability, and systems and controls:** Firms should have effective governance arrangements and systems and controls to identify, assess and mitigate risk. They should have the right skills to deliver their governance priorities and to design and test systems and controls.
- **Prepare for the future:** Firms should invest where needed to ensure they are ready to comply with regulatory change. Firms should be ready to implement our new safeguarding rules, which come into force in May. Firms should also engage with us on our work to modernise payments regulation.

We want customers' money to be safe. Over the past year, some firms have improved their financial resilience and safeguarding arrangements. However, some don't have robust safeguarding practices and haven't fully developed their risk management frameworks and wind-down plans. This presents a risk to customer funds and market integrity. We've introduced new safeguarding rules in response to weaknesses across the sector and we expect firms to be ready to implement them.

### What we'll do this year

- **Continue to assess:** Assess firms' governance, oversight, and systems and controls relating to financial resilience and safeguarding. We'll take action against firms that consistently fail to meet standards.
- **Implement our Safeguarding Supplementary Regime:** Firms should have made changes to comply with the new rules by the time they come into force. We'll consider the outcomes of safeguarding audits and address issues with firms. As we've strengthened standards in this area, we may see an increase in 'adverse' audit opinions in the short term.



**Electronic money institutions safeguarded approximately £26bn in 2024, up from £11bn in 2021, and payment institutions safeguarded an estimated £6bn per day in 2024.**



# Other areas of focus

## Open banking and open finance

Ahead of [legislation](#), we'll work with participants across the sector to establish the open banking Future Entity. This will include a series of workshops over the summer and into autumn 2026. Firms should engage with the independent consultancy-led exercise to support the selection of the body to lead the set-up of the Future Entity.

We'll build on the success of open banking to launch open finance, with our open finance roadmap to be published by the end of March 2026. We expect the regulatory framework for the first scheme to be in place by the end of 2027.

## Stablecoins

As set out in our [Crypto Roadmap](#), we'll publish our final policy statements on our cryptoasset regime in 2026. This will include final rules on the issuance of stablecoins in the UK.

To help our final policy development for stablecoin issuance, we've launched a special [stablecoin cohort](#) within our Regulatory Sandbox to test prospective stablecoin issuers.

We'll also work alongside the Bank of England and the PSR to help firms transition between our respective regimes.

Following our first dedicated [Tech Sprint for stablecoins](#) in March 2026 covering retail payments, cross-border payments, e-commerce and business-to-business transactions, and remittance, we'll hold a trade payments roundtable in May.

We'll also develop our policy for stablecoin payments to aid their broader adoption in the UK. We'll draw on information from our stablecoin Sprints. We'll work closely with the Treasury and other regulators.

## International cooperation

Our international work includes contributing to initiatives to enhance the transparency, speed, affordability, accessibility and security of cross-border payments, as well as supporting innovation in this area. This requires multilateral cooperation through, for example, the Organisation for Economic Co-operation and Development, the Financial Action Task Force and the Financial Stability Board. We also engage in a range of bilateral dialogues and exchanges, including the Transatlantic Taskforce for Markets of the Future.

## Artificial intelligence

We'll continue to give firms a safe space to experiment and test in, to enable safe and responsible AI adoption. This includes continuing cohort 1 and launching cohort 2 of the Supercharged Sandbox and AI Live Testing: firms are welcome to apply. We'll publish an evaluation report from AI Live Testing by the end of this year.

# Key publications and speeches

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[Joint response from the FCA and the Payment Systems Regulator \(PSR\) to the Treasury's recommendations on payments regulation](#) (November 2025)

[PSR and FCA response to the Treasury's consultation on consolidating the PSR's functions within the FCA](#) (October 2025)

FCA speech: [The role of the FCA and PSR in delivering the National Payments Vision](#) (David Geale, FCA executive director of payments and digital finance, at the Payments Regulation and Innovation Summit, February 2026)

FCA news story: [Open banking: a year of progress](#) (December 2025)

FCA research note: [Open banking and open finance in the UK](#) (October 2025)

FCA feedback statement: [Design of the Future Entity for UK open banking](#) (August 2025)

FCA [Payments strategy and Consumer Duty webinar](#) (July 2025)

FCA webpage: [Our Consumer Duty focus areas](#) (September 2025)

FCA [Payments safeguarding policy statement webinar](#) (November 2025)

FCA webpage: [Apply to become an electronic money or payment institution](#) (April 2015)

FCA publication: [Payment services and electronic money – our approach](#) (November 2024)

Bank of England, Prudential Regulation Authority, and FCA publication: [Effective practices: cyber response and recovery capabilities](#) (October 2025)

FCA speech: [The FCA's approach to regulating cryptoassets and stablecoins](#) (David Geale, FCA executive director of payments and digital finance, at City and Financial Global, November 2025)

FCA consultation paper: [Application of FCA Handbook for regulated cryptoasset activities – part 2](#) (January 2026)

Financial Stability Board publication: [High-level recommendations for the regulation, supervision and oversight of global stablecoin arrangements: final report](#) (July 2023)

FCA video guides: [Improving applications for authorisation and registration as a payments firm and digital asset firm](#) (February 2026)

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# Timeline

Read the [Payments Forward Plan](#) for upcoming initiatives across retail and wholesale payments, including elements of digital assets.

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