

Transcript - FCA explains, Safeguarding requirements for payment and e-money firms

1. Why do you need to safeguard?

Safeguarding requirements are in place to protect customer funds if the payment service provider (PSP) becomes insolvent.

All firms must have well-managed safeguarding arrangements in place.

2. What should you safeguard?

You must safeguard 'relevant funds'.

This includes:

-customer money held for a payment transaction, OR- customer money held in exchange for e-money.

See our approach publication for the full definition. [Fca.org.uk/payment-services-e-money](https://www.fca.org.uk/payment-services-e-money)

3. When must you safeguard?

Safeguarding should start immediately once you have received the relevant funds. It should continue until the funds are paid out to the payee or the payees' PSP.

4. How should you safeguard?

-Funds must be placed in a separate account for your working capital and other funds, OR- covered by an insurance policy or guarantee.

-Reconciliation should happen as often as possible.

5. How do I show that I am safeguarding correctly?

-Your records should show compliance with all aspects of safeguarding obligations.

-You should log every decision made about your safeguarding, and the systems and controls in place.

6. We found that firms that had documented their rationale for safeguarding decisions were more likely to be safeguarding appropriately.

See our approach document [fca.org.uk/payment-services-e-money](https://www.fca.org.uk/payment-services-e-money)