



*cutting through complexity*

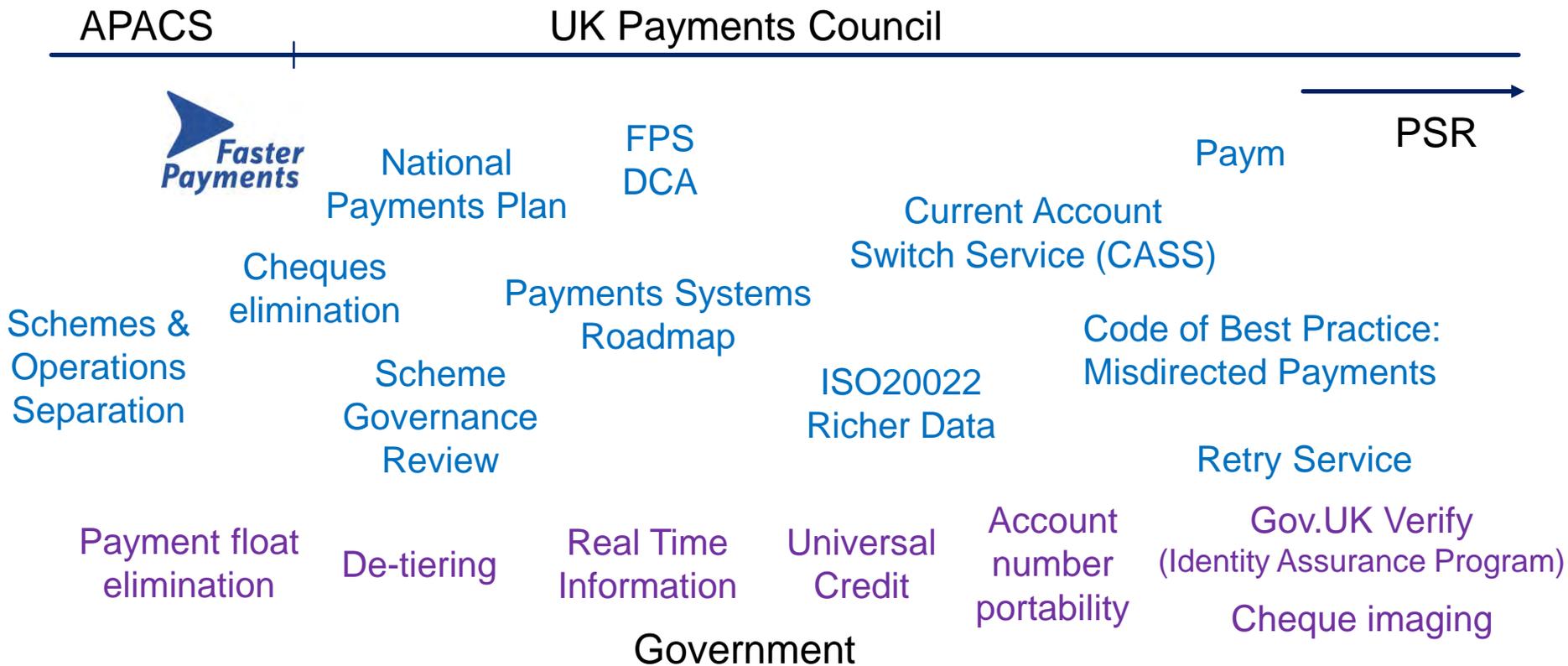
# UK Payments & the Payments Systems Regulator

4<sup>th</sup> December 2014

Sydney



# UK Payments is a game of two sectors



# So, Payments Systems Regulator vs the UK Payments Council

## The PSR has three statutory objectives:

1. to promote effective competition in the markets for payment systems and for services provided by those systems, including between Operators, PSPs and also Infrastructure Providers, in the interests of service-users
2. to promote the development of and innovation in payment systems, in particular the infrastructure used to operate payment systems, in the interests of service-users
3. to ensure that payment systems are operated and developed in a way that considers and promotes the interests of service-users

## The UK PC has three objectives:

1. to have a strategic vision for payments and lead the future development of co-operative payment services in the UK
2. to ensure payment systems are open, accountable and transparent; and
3. to ensure the operational efficiency, effectiveness and integrity of payment services in the UK.

# The Government has put the customer right at the centre of the PSR

## **Four main targeted outcomes:**

1. UK payment networks that operate for the benefit of all users including consumers
2. a UK payments industry that promotes and develops new and existing payment networks
3. UK payment networks that facilitate competition by permitting open access to participants or potential participants on reasonable commercial terms
4. UK payment systems that are stable, reliable and efficient.

# The new Payments Systems Regulator formally gains its powers April 2015

## The PSR has set out its stall and some surprises:

### 1. Industry strategy

Take control of the strategy development and setting process through setting up a new Payments Strategy Forum with broad representation of industry and service-users.

PSR launching a market review into the ownership and competitiveness of infrastructure provision

### 2. Ownership, governance and control of payment systems

Open up governance and control of payment systems by involving additional players in more transparent decision making and eliminating conflicts of interest at Board level

PSR required Operators to publish board minutes and votes and report on compliance

# The Payments Systems Regulator has come out fighting

## 3. Direct access to payment systems

Operators must have objective, risk-based, and publicly disclosed Access Requirements, which permit fair and open access

## 4. Indirect access to interbank systems

Sponsor Banks must publish information on the sponsor services they offer (including access criteria and processes).

PSR launching a market review into Indirect Access and expects the Industry to develop a PSR-approved Code of Conduct

## 5. Interchange Fees

Immediate compliance with the EU Directive.... or else...

The PSR is also introducing formal Principles on their expectations of industry behaviour., including that the Industry work on a 'no surprises' basis, discussing significant developments with the PSR in advance

# So what next?

- PSR
- UK Payments Council
- Scheme Companies
- Payments infrastructure operators
- PSPs

# Thank you

Presentation by Oliver Kirby-Johnson





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