

**FINANCIAL CONDUCT AUTHORITY**  
**PAYMENT SYSTEMS**  
**REGULATOR**

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By email

17 September 2014

Dear Sirs,

We are responding to the CMA's 18 July 2014 *Consultation: personal current accounts and banking services to small and medium-sized enterprises - Provisional decision on market investigation reference* (CMA Consultation).

This sits beside a separate response from the Financial Conduct Authority.

The Consultation expresses concern about access to payment systems and notes that the Payment Systems Regulator (PSR) will become fully operational in relation to the regulation of payment systems from April 2015. The CMA also recognises in its Consultation that we will have wide-ranging powers to address concerns in relation to payment systems and that our March 2014 Call for Inputs included a focus on access issues.

The PSR was created in April 2014 as the sector-specific economic regulator for payment systems and services provided over payment systems in the UK. We will also have concurrent competition powers with the CMA. Our statutory objectives under sections 50-52 the Financial Services (Banking Reform) Act 2013 (FSBRA) are the promotion of effective competition and innovation in the interest of service-users, and ensuring that payment systems are operated and developed in a way that takes account of and promotes the interests of service-users.

We agree with the CMA that it is important to recognise the role of the PSR as a sector-specific regulator, to work closely together to maximise regulatory efficiency by avoiding duplication of effort, and to provide clarity to and minimise the impact on stakeholders. We also want to minimise the risk of regulatory arbitrage.

We thought it would be useful to provide some transparency on our process to date. Since our Call for Inputs, we have been carrying out an extensive stakeholder engagement and evidence-gathering exercise, including surveys, industry workshops, stakeholder interviews, as well as commissioning external consultants' reports. This has enabled us to obtain a deeper understanding of the industry and concerns and issues raised by stakeholders, and to build an evidence base with which to support its regulatory proposals. We have also been undertaking a significant amount of analysis in relation to payment systems, focussing on access (both direct and indirect access), governance, infrastructure and innovation.

We are currently finalising our policy proposals, and we will issue a Consultation Paper later this year. It will set out our proposed regulatory framework, including the regulatory tools, reporting, access and governance requirements that will apply to payment systems, as well as outlining further areas of work from April 2015 onwards.

Our plan is for our Final Statement to be published by 31 March 2015, with proposals largely taking effect either on or shortly after April 2015. Should the MIR go ahead, we will of course work closely with the CMA.

Yours sincerely,

Hannah Nixon  
Managing Director, Payment Systems Regulator