FINANCIAL CONDUCT AUTHORITY

Approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive (PSD2)

Policy Statement
PS18/24

December 2018

This relates to

In this PS we report on the main issues arising from Consultation Paper CP18/25 (Approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive (PSD2)) and publish the final rules.

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1 Overview

Introduction

1.1 The revised Payment Services Directive (PSD2) was implemented in the UK from 13 January 2018. The Directive provides for a number of EU Regulatory Technical Standards (RTS) and Guidelines developed by the European Banking Authority (EBA) which come into effect in 2019. In CP18/25 we consulted on new or amended rules, directions and guidance to implement:

- the RTS for strong customer authentication and common and secure open standards of communication (SCA-RTS) and reflecting the EBA Opinion on the implementation of the RTS on SCA and CSC (EBA Opinion)
- new fraud reporting requirements in line with the EBA Guidelines on fraud reporting under the Payment Services Directive 2 (PSD2) (EBA fraud reporting guidelines)
- an exemption process based on draft EBA Guidelines on the conditions to be met to benefit from an exemption from contingency measures under Article 33(6) of Regulation (EU) 2018/389 (draft EBA exemption guidelines)

1.2 We also consulted on the extension of complaints reporting rules to cover authorised push payment fraud and on various changes to our Perimeter Guidance Manual (PERG) and Handbook.

1.3 This Policy Statement (PS) confirms the revised Payment Services and E-money Approach Document and Handbook changes following consultation feedback and publication of the final version of the EBA Guidelines on the conditions to benefit from an exemption from the contingency mechanism under Article 33(6) of regulation (EU) 2018/389 (EBA exemption guidelines).

Who does this affect?

1.4 The final approach outlined in this PS will affect:

- banks, building societies and other payment service providers
- card schemes
- retailers
- consumers and micro-enterprises
- those involved in open banking initiatives

- credit unions – our rules on reporting of data relating to complaints about authorised push payment (APP) fraud apply to credit unions

1.5 This PS is relevant to firms involved with what tend to be described as 'open banking' services. It concerns newly regulated providers of account information services (AIS) and payment initiation services (PIS) - collectively known as third-party providers or TPPs and providers of payment accounts that are accessible online (account providers)[1], such as banks, that must provide TPPs with access to customers' payment accounts (with the customer's consent).

1.6 Account providers planning to enable access to accounts via dedicated interfaces can be exempted by the FCA from the need also to have a 'contingency mechanism' in place in case the dedicated interface fails, where we decide certain conditions are met.

1.7 The FCA's exemption process begins in January 2019. We strongly encourage firms to consider meeting their obligations by using a dedicated interface. The contingency mechanism must be in place from 14 September 2019. Those wishing to be exempt from this requirement should aim to submit an exemption request by 14 June 2019. If exemption requests are submitted after this date, firms may not be able to comply with their SCA-RTS obligations should we refuse the exemption request. We encourage all firms seeking an exemption to contact the FCA in advance.

1.8 Beyond open banking, all payment service providers (PSPs) will find our final guidance and rules relevant to the strong customer authentication requirements they need to meet by 14 September 2019. We also cover amended fraud reporting requirements which take effect from January 2019.

1.9 This Policy Statement is also relevant to PSPs and credit unions as we are introducing reporting requirements for specific data on complaints about APP fraud, which take effect from 1 July 2019.

Is this of interest to consumers?

1.10 Most consumers use payment services. So, they will be affected by the topics discussed in this PS, particularly the rules relating to the security of online payments. Consumers who use open banking services, such as online account dashboards, will also find this PS of interest.

Context

1.11 In September 2017, we published our overall approach to the new regulatory regime for payment services, in advance of the Payment Services Regulations 2017 coming into effect in January 2018 (this is the UK regulation which implements PSD2).

1.12 Our most recent consultation in September 2018 (CP18/25), was about further technical standards, the SCA-RTS. These rules have 2 main objectives:

- **open banking** - to provide standards for how account providers and TPPs will interact with each other securely

1 In PSD2, these are referred to as account servicing payment service providers (ASPSPs).

- **anti-fraud measures** - to enhance the security of payments by providing standards on strong customer authentication

Open banking

1.13 Under the SCA-RTS, from 14 September 2019, all banks and other online payment account providers must establish at least 1 'access interface' which TPPs will use to access customer payment accounts, with the customer's explicit consent. In CP18/25 we consulted on our approach to rules regarding how TPPs and account providers should interact and communicate securely to enable this access.

1.14 Most access providers are likely to use technology known as 'application programming interfaces' (APIs) to facilitate the access required under the SCA-RTS. Work is already well underway in the UK to develop a standard set of secure APIs. This is because the Competition and Markets Authority has required 9 retail banks to develop these standards as a result of its Retail Banking Market Investigation.

1.15 We believe the use of standardised APIs will have benefits for market participants and consumers and we encourage their adoption. Once APIs are in use in the market and working well, we anticipate that redirection (where a customer is sent to their banking platform to provide credentials) will be the dominant means of authentication. Accordingly, we expect it should no longer be necessary for firms to rely on practices that mean customers share their banking credentials with third parties. While we are supportive of this work to develop standardised APIs, for the exemption request, it will be for individual account providers to provide the FCA with a description of the technical specifications they have implemented and a summary of how these fulfil the requirements of PSD2 and the SCA-RTS.

Anti-fraud measures

1.16 We also consulted on our approach to the SCA-RTS, which is aimed at enhancing consumer protection and market integrity by making electronic payments more secure. This comes at a time when industry figures put losses due to financial fraud at nearly £1 billion in 2017 (fraud losses on cards totalled £566 m and losses due to authorised push payment scams totalled £236m). The rules, which will require all PSPs to undertake strong customer authentication with a customer (unless one of the permitted exemptions applies), will be effective from 14 September 2019.

EU Withdrawal

1.17 As we publish our final approach to implementation of these EU-driven rules, we are also consulting (in CP18/44) on our proposals to make technical standards substantially in the form of the SCA-RTS if no transitional period is agreed between the EU and the UK following EU withdrawal.

Authorised push payment (APP) fraud

1.18 In CP 18/16, we consulted on requiring PSPs to handle complaints about alleged fraud relating to funds received by an authorised push payment (APP) in line with the Dispute Resolution: Complaints Sourcebook (DISP). In CP18/25 we consulted on rules requiring firms to record and report data on complaints they have received about alleged APP fraud. These changes are unrelated to PSD2. The final rules which we are publishing are part of the FCA and Payment Systems Regulator's work to tackle scams where customers unknowingly authorise payments to fraudsters.

Summary of feedback and our response

1.19 We received 40 responses to CP18/25. This included submissions from banks, payment institutions (PIs), e-money institutions (EMIs), AIS and PIS providers, credit unions, trade associations, consumer representatives and merchants.

1.20 In broad terms, most respondents welcomed our further guidance on the SCA-RTS and the contingency exemption process. We have amended our approach based on the suggestions and feedback received. As we highlighted in CP18/25, we have also made changes to reflect the content of the final, published EBA exemption guidelines.

Equality and diversity considerations

1.21 Based on our consultation feedback, we have considered the equality and diversity issues that may arise from the proposals in this PS.

1.22 In CP18/25 we concluded that our proposals could have positive and negative implications for consumers. Some groups with protected characteristics may benefit from open banking more than others depending on their likelihood of using online technology. We received one response indicating that the implementation of SCA-RTS rules requiring users to be 'logged off' online banking after inactivity could impact consumers with protected characteristics such as disability. We also received feedback during the consultation period about how changes to the way online payments are authenticated may impact some groups of people. We have provided guidance to firms to consider how such impacts can be mitigated.

What do you need to do next?

1.23 All PSPs need to ensure they meet the requirements of PSD2 and the SCA-RTS:

- All account providers with payment accounts accessible online must meet the requirements to make available both technical specifications regarding their access interface(s), and testing facilities for TPPs by 14 March 2019.
- Those seeking exemption from the contingency mechanism requirements should aim to submit an exemption request by 14 June 2019. If exemption requests are submitted after this date, firms may not be able to comply with their SCA-RTS obligations should we refuse the exemption request.
- All PSPs must comply with strong customer authentication rules from 14 September 2019.
- PSPs wishing to apply the SCA-RTS Article 17 'corporate payment' exemption from strong customer authentication must provide us with the relevant information in an operational and security risk assessment submitted at least 3 months in advance of the date they intend to make use of the exemption.

- All PSPs should record fraud statistics under the EBA fraud reporting guidelines from 1 January 2019. We have amended our approach to how and when the data should be provided, including a 6 month transitional period (see Chapter 4).

1.24 The EBA is providing further clarification on PSD2 though the Single Rulebook question and answer (Q&A) tool. All PSPs should continue to take account of answers published there.

1.25 All PSPs and credit unions must prepare to report data on APP fraud complaints from 1 July 2019.

2 Secure communication between payment account providers and third-party providers (TPPs)

2.1 In this chapter, we summarise and respond to the feedback we received to:

- our proposed changes to Chapter 17 of the Payment Services and E-money Approach Document (Approach Document)
- proposed directions intended to implement the final Regulatory Technical Standards for strong customer authentication and common and secure open standards of communication (SCA-RTS)
- how we reflected the associated Opinion of the European Banking Authority on the implementation of the RTS on SCA and CSC (EBA Opinion) in our proposed approach
- our approach under the EBA Guidelines on the conditions to benefit from an exemption from the contingency mechanism under Article 33(6) of Regulation (EU) 2018/389 (EBA exemption guidelines)

2.2 The main comments were made on:

- our approach to the contingency mechanism exemption
- our changes reflecting the EBA Opinion

2.3 This chapter also covers changes we have made to our guidance because of answers published through the EBA's Single Rulebook question and answer (Q&A) tool, where these are relevant to issues raised by respondents to the consultation.

Exemption from the contingency mechanism

2.4 By 14 September 2019, any provider offering payment accounts that are accessible online (bank and e-money accounts, credit card accounts, some savings accounts) must comply with the SCA-RTS governing how TPPs can access these accounts.

2.5 These account providers must decide whether to enable access via a dedicated interface built on application programming interfaces (APIs) or to adjust the customer interface (eg the customer online banking portal) to comply with security, information exchange and identification rules.

2.6 The SCA-RTS allows competent authorities to exempt providers that are building dedicated interfaces from having also to provide a 'contingency mechanism' which would provide 'fall-back' access if the dedicated interface failed. Unless account providers have been granted this exemption in advance of 14 September 2019, they will have to build a contingency mechanism.

2.7 The SCA-RTS sets out the criteria that an account provider must meet to be granted an exemption. The EBA exemption guidelines set out how the FCA should assess these SCA-RTS criteria as having been met in order to exempt account providers from the additional requirement.

2.8 In CP18/25 we proposed to require account providers to submit specific information to us to enable us to conduct an assessment against the SCA-RTS criteria and in line with the EBA exemption guidelines. We also provided guidance on what this information should cover in Chapter 17 of the Approach Document.

In CP18/25 we asked:

Q1: **Do you agree with our approach to assessing requests for exemption to the contingency mechanism and our related guidance? If not, please explain why.**

2.9 Of those who responded to this question, most agreed, on the whole, with the FCA's approach. Some disagreed with specific points and a number suggested changes to the guidance, or additional guidance. This included:

- requests for more clarity on what account providers should have in place or be able to demonstrate at the point of submitting an exemption request, given timing and practicality concerns
- questions about how the customer experience would be assessed in relation to the EBA exemption guidelines and SCA-RTS requirements prohibiting account providers from creating 'obstacles' to the provision of account information services (AIS) and payment initiation services (PIS)
- requests for clarity on how account providers should evidence that their dedicated interfaces have been widely used in the provision of AIS and PIS and meet other EBA criteria
- concerns that the proposed approach allows for self-attestation of account providers without adequate input from TPPs
- some felt we should make implementation of API standards developed by the Open Banking Implementation Entity (OBIE) a clearer determinant of exemption while others asked how 'open banking' requirements beyond PSD2 (developed as a result of the Competition and Markets Authority's Open Banking Remedy) would be differentiated from PSD2 requirements in the assessment
- a desire for more information on the decision-making process and the timing, including what happens should a request for exemption be refused
- uncertainty about how many exemption requests would need to be submitted per firm where this involves different subsidiaries, brands or products
- requests for more clarity on the option to build a modified customer interface (as opposed to a dedicated interface)

- requests for clarity on how the exemption requirements apply after 14 September 2019

Our response

Timing and practicality
A key principle of PSD2 is that a customer should have the same access to account information and payments functionality when using a TPP as when engaging directly online with their payment account provider.

Some respondents raised concerns that some of the access and functionality required under PSD2 would be difficult to deliver in the given timeframes. These respondents sought further clarity on what they must deliver, as a minimum, by the testing deadline (14 March 2019), and by the time they submit their exemption request.

Firms are required to have a contingency mechanism in place by 14 September 2019 if no exemption has been granted. This is why we have encouraged exemption requests to be submitted by 14 June 2019. If we were to refuse an exemption request, a firm would need enough time to implement the contingency mechanism in order to comply with the SCA-RTS.

We recognise that greater clarity will help prioritisation and delivery. We have clarified in the Approach Document that firms need to be able to demonstrate how their dedicated interfaces meet PSD2 (including the SCA-RTS) legal requirements when they submit an exemption request. There is a helpful table setting out the main requirements for dedicated interfaces in Table 1 of the EBA Opinion.

We will ask for evidence, as set out in the Approach Document, that the dedicated interface meets the requirements set out in Guidelines 2 to 8 of the EBA exemption guidelines. If a small number of these requirements are not met when the exemption request is submitted but the account provider has clear and credible plans to meet them by 14 September 2019, we may nevertheless, at that point, indicate that we are 'minded to exempt'. We will confirm the exemption once we have received information that satisfies us that all PSD2 requirements and criteria are met. Firms need to bear in mind that the later they submit this further information, the less time they will have to implement a contingency mechanism in the event that we refuse an exemption request.

We have also clarified that not all payment account products need to be reachable through the testing facility to meet the testing criteria.

The customer experience and obstacle criteria
Under the EBA exemption guidelines, account providers must satisfy us that their methods of access do not directly or indirectly dissuade customers from using the services of payment initiation service providers (PISPs), account information service providers (AISPs) and card-based payment instrument issuers (CBPIIs) – collectively referred

to as TPPs. In light of feedback received during the consultation period, we are amending our guidance regarding authentication methods and obstacle-related criteria. This includes clarifying:

- that we are not aware of any reason for account providers to request strong customer authentication more than once when facilitating authentication for a single session of access to account information or a single payment initiation

- that, in the context of redirection, the functionality provided directly to the customer via different channels (e.g. mobile app or desktop browser) should not determine the method of authentication available to a customer when using an AISP or PISP

- that AISPs and PISPs must be able to rely on all of the authentication procedures provided by the account provider to the customer, without the addition of any unnecessary steps that might cause delay

Wide use and other EBA criteria
We have clarified in the Approach Document what we will require as evidence that an account provider has taken appropriate steps for the interface to be operationally used by TPPs over at least a 3 month period prior to submission of the exemption request. We must be satisfied that all reasonable efforts have been made to ensure wide use by other TPPs and across all payment account types (eg current accounts, credit cards and relevant savings accounts).

We have also amended the Approach Document to reflect the final EBA exemption guidelines on this point.

Concerns about self-attestation
All firms seeking exemption will need to provide evidence that they meet the SCA-RTS criteria. Further guidance is in Chapter 17 of the Approach Document. We will assess each exemption request individually and on its own merits. Additionally, as is reflected in the final EBA exemption guidelines, we have clarified in the Approach Document that we may take into account any problems reported to us by TPPs during the exemption assessment period.

Relevance of Open Banking standards and guidelines
We are supportive of the OBIE's work to engage across the industry on the development of PSD2-aligned API standards. We also support the OBIE's development of its own guidelines focused on how PSD2 requirements can be met in a way which provides an experience that does not dissuade customers from using TPPs.

We have amended our guidance and contingency exemption request form to specify when information about any initiative standard an account provider may be implementing will be relevant to our assessment. In particular, it will be relevant to our assessment of obstacles and whether a dedicated interface has been designed and tested to the satisfaction of PSPs.

Decision making process and timing
We do not propose further guidance on the timing for exemption requests. We have already set out that account providers should aim to submit requests by 14 June 2019. We hope that our clarifications described above will make this more achievable. Our intention is to work closely with account providers seeking exemptions, to ensure they are assessed and, where we are satisfied, granted an exemption, before 14 September 2019. See timeline in annex 2.

Once a request has been completed and submitted to our satisfaction, we will aim to issue a decision within 1 month. Account providers should bear in mind that the later they submit their exemption, the less time there will be to build a contingency mechanism if we decide to refuse an exemption request.

You can find further clarity about refusals and the decision-making process in the Approach Document. More information about the exemption process, including contact details for the exemption request team can be found at www.fca.org.uk/firms/exemption-psd2-contingency-mechanism.

Submission of exemption requests
We have amended our guidance and the exemption form to enable account providers that have the same dedicated interface across multiple brands and across subsidiaries to submit a single exemption request for that dedicated interface.

Alternative to the dedicated interface
We have not provided further details on the modified customer interface because we already set out which legal requirements apply to it. We have amended the guidance to clarify the specific security requirements which apply to the contingency mechanism.

Exemption requirements after 14 September 2019
All existing account providers are required either to obtain exemption from the contingency mechanism, or meet the contingency mechanism requirements by 14 September 2019. Any business which intends to start providing services, which would bring it into scope of the account provider obligations after 14 September 2019, must comply with the SCA-RTS requirements. This includes provision of a contingency mechanism or obtaining an exemption before those services are 'live' in the market.

Quarterly statistics

2.10 Under the SCA-RTS, account providers are required to publish quarterly statistics on the availability and performance of their dedicated interfaces and, for comparison purposes, the performance of the interfaces used by their customers.

2.11 In CP18/25 we proposed to require account providers to submit these to us every quarter. This is to help us monitor whether account providers are meeting their obligations to ensure that dedicated interfaces are performing at least as well as the interfaces customers use to access their accounts directly.

In CP18/25 we asked:

Q2: **Do you agree with our proposal to require quarterly submission to us of the statistics account providers are required to publish under the SCA-RTS? If not, please explain why.**

2.12 Most respondents were supportive of our proposals, but they commented that:

- there needs to be consistency with the statistics account providers already publish and publication should be in a format that the public can readily understand
- requiring the quarterly reporting of daily statistics is disproportionate
- more information about the method of submission would be helpful
- further clarity on when the quarterly statistics should be published and then reported to the FCA is needed

Our response:

Format of publication
We agree that the statistics which firms are required to publish on their websites should be clear and understandable. The data required may, for some firms, be more detailed than the performance indicators they currently publish for their customer banking channels. However, we agree with the EBA comments on feedback received to its consultation that a line chart format that displays both statistics of the dedicated interface and customer interfaces in the same chart may help comparison. Under the SCA-RTS, the dedicated interface must offer at all times the same level of availability and performance, including support, as the interfaces made available to the customer. We encourage firms to publish in this way.

We note that however the statistics are published, the underlying statistics should be available to visitors to the website (eg, available to download or view). We continue to require a plan for publication as part of a firm's exemption request.

Frequency and detail
The frequency and level of detail of the statistics is set out in the EBA exemption guidelines. It has been set in this way to enable transparency of the performance and availability of the dedicated interface. We will continue to require daily statistics to be reported to us on a quarterly basis.

Method and format of submission
In CP18/25 we directed firms to submit quarterly statistics by electronic means, but we did not specify a form to use to submit the data. We have confirmed the reporting method and format in Chapter 13 of the Approach Document and in SUP 16 (see Appendix 1).

When should the quarterly statistics be published and then reported to the FCA?
The SCA-RTS requires quarterly statistics to be published from 14 September 2019. We agree with respondents and have provided guidance in the Approach Document that we would expect publication to be aligned to standard calendar quarters. This means the first publication would be a partial quarter in respect of 14 September to 30 September. We require statistics to be reported to us 1 month after publication.

Problems with the dedicated interface

2.13 Under the SCA-RTS, both account providers and TPPs must report problems with dedicated interfaces to the FCA. This information will be used as part of our ongoing assessment of whether an account provider is meeting its obligations under the SCA-RTS. Additionally, if relevant, it will also be used to determine whether the account provider should continue to be exempt from the requirement to build a contingency mechanism.

2.14 In CP18/25, we proposed directions for how these notifications should be provided to us. We also proposed changes to Chapter 13 and Chapter 17 of the Approach Document to provide further information and guidance on the reporting process and the information we require.

In CP18/25 we asked:

Q3: **Do you agree with our approach to receiving reports about problems with dedicated interfaces? If not, please explain why.**

2.15 Of those that responded to this question, most supported our approach. However, a few respondents had suggestions to amend the form and guidance, including:

- requests for clarity on what is meant by 'problem'
- suggestions that the notification fields should be amended so that they are relevant for card-based payment instrument issuers (CBPIIs) and enable account providers to give reasons for the problem
- requests for clarity on the term 'without undue delay'
- respondents asked whether problems with the dedicated interface constituted major incidents, and whether the criteria used to identify major incidents (specified in the EBA's guidelines on major incidents) should be applied

Our response:

What is meant by 'problem'
NOT005 enables account providers and TPPs to notify us of the problems defined in Article 33(1) of the SCA-RTS. We do not propose any further guidance.

Questions in the notification form
We acknowledge that some of the questions in the notification form (NOT005) will only be relevant to specific types of firms. For example, only account providers will be able to report that there is not the same level of support offered to AISPs and PISPs using the interface as there is for the customer interface (as required under Article 32 of the SCA-RTS). We have amended the form so that relevant fields, such as unavailability, can be used by card-based payment instrument issuers (CBPIIs). We also provide a field for account providers to provide the reasons for the problem and steps taken to resolve the issue.

Without undue delay
In CP18/25 we proposed to direct problems with the dedicated interface to be reported 'without undue delay'. We do not propose to specify what would constitute undue delay, as the length of time taken to report will likely depend on the nature of the problem.

Relevance to major incidents
The requirement to report problems with the dedicated interface is separate from the requirement to report major incidents. The EBA noted in its feedback table to the consultation on major incident reporting that it sees no justification for declaring any downtime of this dedicated interface automatically a major incident. The purpose of reporting problems with the interface is to enable the FCA to determine whether the account provider is meeting its obligations under the SCA-RTS. Problems with dedicated interfaces should also be separately assessed against the criteria in the EBA Guidelines on major incident reporting under PSD2 to determine whether they qualify as a major incident.

Other changes to guidance on secure communication between payment account providers and TPPs

2.16 The SCA-RTS was finalised in March 2018. It sets general and specific requirements for identification, the traceability of transactions, the security of communication sessions and the exchange of data between account providers and TPPs.

2.17 After the SCA-RTS was finalised, in June 2018 the EBA published its Opinion of the European Banking Authority on the implementation of the RTS on SCA and CSC (EBA Opinion). The EBA Opinion provides additional clarity on certain points to aid implementation of the SCA-RTS.

2.18 To reflect the EBA Opinion and the final SCA-RTS in our approach to secure communication between account providers and TPPs, in CP18/25 we proposed a number of changes to our Approach Document.

In CP18/25 we asked:

Q4: **Do you agree with our changes to the Approach Document to reflect the EBA exemption guidelines, EBA Opinion and the SCA-RTS? If not, please explain why.**

2.19 Of those who responded to this question, most were generally supportive of our approach. However, we received multiple requests for further clarity on specific issues, including:

- the information that account providers should be required to provide to AISPs when they request it. We were also asked during the consultation period, what data a business needs to provide to the customer to be undertaking the regulated activity of AIS.
- the information that account providers should be required to provide to PISPs when a payment is initiated
- whether account providers are required to provide confirmation of the availability of funds to PISPs to help them to manage the risk of non-execution of a payment
- a proposal from 1 respondent that the FCA should suggest appropriate response times for provision of the confirmation of availability of funds, particularly in the context of requests from CBPIIs
- the reliance on qualified (eIDAS) certificates for account access
- which SCA-RTS requirements attach to the contingency mechanism

Our response:

Information to be provided to AISPs
We have provided guidance in the Approach Document to clarify the information that AISPs have a right to access.

We have clarified in our Perimeter Guidance that, to meet the definition of AIS, a provider must include transaction data, whether in their original form or after processing, within the consolidated information provided to the customer. Providing only the customer's name, account number and sort code would not qualify as an AIS.

Information to be provided to PISPs
We are aware that PISPs have concerns about their ability to manage their execution risk (the risk of a payment failing after the payment order has been placed), if they are unable to access certain account information before initiating the payment. PSD2 does not create a framework for managing execution risk, beyond giving PISPs the right to the same information on the initiation and execution of the payment transaction as would be provided to the customer when initiating a transaction directly. We have provided further guidance in the Approach Document on precisely what this information should include.

Confirmation of availability of funds for PISPs
Under SCA-RTS Article 36(1)(c) account providers are required to provide PSPs with immediate confirmation of availability of funds in a simple 'yes' or 'no' format. In line with the EBA Opinion, we confirm that account providers must provide this confirmation to PISPs as well as CBPIIs upon request.

Response times for confirmation of funds
Under the SCA-RTS, account providers must provide a 'yes' or 'no' confirmation of availability of funds to a CBPII or PISP immediately upon request. We do not propose to set a maximum time for this confirmation to be returned by an account provider. However, the daily average time taken (in milliseconds) is one of the statistics that account providers will be required to publish on their website and report to the FCA. We encourage firms to work together to develop suitable service levels for response time.

Use of qualified (eIDAS) certificates
SCA-RTS Article 34 sets out a clear legal requirement for PSPs to rely on qualified certificates (sometimes referred to as eIDAS certificates) for the purposes of identification. We expect account providers and TPPs to be able to exchange such certificates as the sole means of identification by 14 September 2019. We have updated our Approach Document to confirm that we also expect TPPs to ensure that the qualified certificates used for identification accurately reflect the TPP's role and authorisation or registration status at all times. On 11 December 2018, the EBA published an Opinion on the use of eIDAS certificates under the RTS on SCA and CSC, which provides additional clarification.

Requirements for the contingency mechanism

Previously, the Approach Document set out that account providers' contingency mechanisms would need to meet the general obligations for interfaces under Article 30 of the SCA-RTS. We have clarified that account providers need to meet Article 33 requirements rather than Article 30. We still expect account providers using the contingency mechanism to meet the SCA-RTS Article 33(5) requirement to ensure that TPPs can be identified by enabling TPPs to use eIDAS certificates as set out in SCA-RTS Article 34.

3 Authentication

3.1 In this chapter, we summarise and respond to the feedback we received to our proposed new Chapter 20 of the Payment Services and E-money Approach Document (Approach Document) which implements the final Regulatory Technical Standards for strong customer authentication and common and secure open standards of communication (SCA-RTS) where they relate to requirements for strong customer authentication. Our proposed guidance in Chapter 20 incorporated the Opinion of the European Banking Authority on the implementation of the RTS on SCA and CSC (EBA Opinion), published on 13 June 2018, which provided further clarity on the implementation of the SCA-RTS requirements.

3.2 We also respond to feedback on directions we proposed to enable PSPs using the SCA-RTS Article 18 transaction risk analysis exemption to notify the FCA, as required under SCA-RTS Article 20, when their monitored fraud rate exceeds the relevant applicable reference fraud rate. In addition, we have updated our guidance on the use of the SCA-RTS Article 17 'corporate payments' exemption.

3.3 We have made other changes in response to comments and queries. These include amendments relating to:

- use of different types of authentication factors
- application of the SCA-RTS Article 5 'dynamic linking' requirements
- application of other SCA exemptions, including the treatment of the euro limits and thresholds in SCA-RTS Articles 11, 16 and 18

3.4 This chapter also covers changes we have made to our guidance because of published EBA Q&As, where these are relevant to issues raised by respondents.

Transaction risk analysis and notifications when the PSP's monitored fraud rate exceeds the relevant applicable reference fraud rate

3.5 Under the SCA-RTS, payment service providers (PSPs) must apply strong customer authentication to remote electronic payments unless a relevant exemption applies. PSPs making use of any of the exemptions are also required to monitor their rates of fraud.

3.6 If PSPs make use of the transaction risk analysis exemption they must notify their competent authority when their monitored fraud rate exceeds the relevant applicable reference fraud rate.

3.7 In CP18/25 we proposed rules and a specific notification form to ensure we would receive these notifications in a consistent manner. We also proposed additions to the Approach Document to clarify what information we would expect to receive and in what circumstances the reports should be provided.

In CP18/25 we asked:

Q5: Do you agree with our approach to receiving notifications relating to the fraud rate? If not please explain why.

3.8 Of those that responded to this question, most supported our approach. However, there were a number of questions and suggestions about calculating the fraud rate. These included:

- requests for further clarity on when the fraud rate notification requirement should be triggered
- for card transactions, requests for further clarity about which PSP in the payment chain should include a given transaction within its fraud rate calculation where both issuers and acquirers process the transaction
- requests for further clarity on 'manipulation of the payer' fraud

Our response:

When the fraud rate notification is triggered
We have amended our directions and guidance to clarify that, at a minimum, a PSP relying on the transaction risk analysis exemption should check that their monitored fraud rate does not exceed the applicable reference fraud rates every 90 days. If it does, the account provider should notify us immediately and every 90 days thereafter, until it notifies us that it has ceased to operate under the exemption (it must cease after 2 consecutive 90 day periods). We have illustrated in the Approach Document how the requirements apply in a scenario where the PSP's monitored fraud rate exceeds the reference fraud rate for 1 value band but not another.

Apportioning fraud totals between issuer and acquirer
We have amended the Approach Document to more clearly reflect the contents of the EBA Opinion and in light of recently published responses to questions raised via the EBA's Q&A tool. We clarified that the fraud rate should be calculated at a PSP (legal entity) level but a PSP may choose to apply the transaction risk analysis exemption only to specific low risk brands, products and schemes.

If more than one PSP is involved in processing a transaction (as is the case with card payments), a given PSP's fraud rate should be calculated based on both the unauthorised transactions for which that PSP has borne liability (in accordance with regulation 77(3)(c) and regulation 77(6) of the PSRs 2017) and transactions involving manipulation of the payer which have not been prevented by that PSP.

Clarity on manipulation of the payer fraud
The fraud rate calculation must include both unauthorised transactions and payment transactions where the customer has been manipulated into authorising a payment. We provide guidance on these types of fraudulent transactions in the 'Notes on completing

the REP017 Payments Fraud Report'. We have also clarified that transactions where the payer has acted fraudulently are not included in the calculation, in line with the approach taken in the EBA fraud reporting guidelines.

SCA exemption for corporate payments

3.9 Under SCA-RTS Article 17, PSPs are allowed to not apply strong customer authentication for payments initiated by payers who are legal persons. This is only the case where the payments are initiated electronically through dedicated payment processes or protocols that are not available to consumers. Further, we must be satisfied that those processes or protocols guarantee at least equivalent levels of security to those provided for by PSD2.

3.10 In CP18/25, we proposed guidance setting out the scope and conditions of application of this exemption.

3.11 We also proposed to direct PSPs applying the exemption to include details of dedicated processes and protocols not subject to strong customer authentication in the assessment of operational and security risks, which is already required under regulation 98 of the Payment Services Regulations 2017. This report is already sent to the FCA on an annual (or more frequent) basis.

In CP18/25 we asked:

Q6: Do you agree with our proposed approach to the corporate payment exemption? If not, please explain why.

3.12 Of those that responded to the question, none disagreed with our overall approach. Some sought further guidance and made suggestions, including:

- changing the interpretation of 'legal persons' to cover more types of business using the same secure dedicated payment processes and protocols
- proposing definitions of 'lodged' and 'virtual' corporate cards
- requesting further clarification of the types of services in scope of the exemption

Our response:

We have largely maintained our approach. The text of SCA-RTS Article 17 limits application of the 'corporate payment' exemption to legal persons initiating electronic payment transactions. The term 'legal person' has a restricted meaning in law. So, there may be situations where other types of payers who are not consumers, using those same payment processes and protocols, will be unable to benefit from the exemption. We have made it clearer that legal persons may include

entities with legal personality such as NHS Trusts and corporate cooperatives.

We remain of the view that there is no requirement for us formally to grant a firm permission to use the exemption. However, we have amended our guidance to require PSPs to complete a new field in the operational and security risk reporting form to make it easier to identify that the firm is operating under the exemption. Firms intending to operate under this exemption must submit, at least 3 months before the date of intended use of the exemption, an operational and security risk assessment form, which includes the necessary supporting information.

We have further clarified the types of services likely to be in scope of the exemption. This includes elaborating on our understanding of 'lodged' and 'virtual' corporate cards.

Other changes to our guidance on strong customer authentication

3.13 The SCA-RTS sets out the criteria that need to be met to satisfy the requirements for strong customer authentication. In the case of electronic remote payments this includes a requirement to dynamically link the transaction to a specific amount and payee. The SCA-RTS also specifies the exemptions where the PSP is allowed not to apply strong customer authentication.

3.14 In CP18/25, we proposed a number of changes to our Approach Document to reflect the SCA-RTS and the additional clarification provided by the EBA Opinion.

In CP18/25 we asked:

Q7: **Do you agree with our proposed approach to the application of the strong customer authentication requirements and associated exemptions? If not, please explain why.**

3.15 Just under half of respondents agreed with our overall approach. The same number neither agreed, nor disagreed but identified areas where they would like further clarity, or raised issues including:

- concern that the implementation of strong customer authentication by account providers will prevent TPPs' access to non-PSD2 accounts and that access interfaces (eg APIs) would not be ready when the SCA-RTS takes effect, cutting off adequate access to PSD2 accounts
- concern that there will be a blanket application of strong customer authentication for transactions initiated by payment initiation service providers (PISPs)

- arguments that card details should be accepted as a valid 'knowledge' authentication factor and that behaviour-based information could be used as an 'inherence' authentication factor
- concerns that strong customer authentication rules will disrupt existing methods of accepting payments online, particularly where the final amount is not known in advance, and suggestions for further guidance
- requests for clarity on the application of strong customer authentication to recurring merchant-initiated card payments (known as continuous payment authorities)
- confirmation that PSPs can outsource management of authentication procedures (e.g. biometric authentication) to a third party
- how to reduce the impact of the 90-day re-authentication rule on the business models of account information service providers (AISPs)
- requests for SCA low value and contactless exemption limits to be set in sterling

Our response:

Access to accounts for TPPs when strong customer authentication applies

We acknowledge concerns from TPPs that the transition from 'screen scraping' to access via dedicated interfaces (or PSD2-compliant customer interfaces) creates uncertainty and a period of change. For accounts within the scope of PSD2 (ie online payment accounts), we expect that, from 14 September 2019 at the latest, TPPs should be able to access all the relevant data permitted under PSD2 through interfaces that work well. This should enable TPPs to continue to provide services to customers. We hope that where access is via dedicated interfaces it will improve the ability of TPPs to provide their services.

We acknowledge that non-payment accounts, such as fixed-term savings accounts, may not be accessible to TPPs via dedicated interfaces (since these types of account are out of scope of PSD2). Further, screen-scraping of these accounts may not be possible if account providers have introduced strong customer authentication for all accounts, including non-PSD2 accounts. We encourage TPPs and account providers to work together to consider how secure access to non-payment accounts can be provided, in order that customers can experience a more holistic 'open banking' experience.

Blanket application of SCA for PISP-initiated payments

In the case of transactions being initiated by PISPs, in the Approach Document we already remind account providers that they must not discriminate in their approach to deciding whether to require strong customer authentication or to apply an appropriate exemption unless there are objective reasons to do so. Where a customer would not be required to undertake strong customer authentication to access their

account or make a payment directly with their PSP, the same approach should apply generally where they do so via a TPP.

Card details and behaviour-based information as authentication factors

We have clarified in the Approach Document that the combination of card details (evidencing possession) and another factor from a different authentication factor category (such as knowledge or inherence), can constitute strong customer authentication. We have also clarified, in line with the final response to a question raised via the EBA Q&A tool, that a one-time password sent via SMS may be used to validate possession of the SIM-card associated with a customer's mobile phone number. In addition, in line with the EBA Opinion and subject to compliance with the SCA-RTS Article 8 requirements, we acknowledge that behaviour-based information may be a valid inherence authentication factor.

Online card payments where amount not know in advance

The way online card payments are taken in some circumstances will have to change by 14 September 2019. This is due to the introduction of a 'dynamic linking' requirement for remote electronic payments as part of the application of strong customer authentication, a change brought about by the SCA-RTS. For example, online retailers will no longer be able to seek authorisation to charge an estimated amount to a customer's card, in anticipation of the final amount being confirmed later (as happens currently with various online purchases).

To avoid customer disruption because of different interpretations by PSPs, we have made the following clarification in the Approach Document: If the final amount may change, the options open to merchants include, charging the customer for the value of the goods or services at the time the order is placed, or obtaining the customer's authorisation for a maximum amount at that time but charging the customer the final amount once it is known.

Recurring merchant initiated card payments

We clarified that for recurring merchant initiated card transactions (known as continuous payment authorities - CPAs), strong customer authentication will only be required if the payer initiates the first of a series of payments with its PSP, directly or through the payee. Strong customer authentication will not be required for transactions after set-up. However, we encourage merchants to ensure that the CPA agreement sets out clearly the amount that will be taken in each transaction. We also encourage merchants to give the range within which the amount may vary, if that is a possibility, or the basis on which it may vary. We have also clarified that refund rights under regulation 79 of the Payment Services Regulations 2017 apply to variable recurring payment transactions under a CPA.

90-day re-authentication

We appreciate AISPs concern about the impact of requirements to reauthenticate access to account information every 90-days. We note that the way this is implemented could dissuade customers from using AIS services because they will periodically need to input strong customer

authentication for each of the accounts and providers they have aggregated. This requirement is found in the SCA-RTS and we do not propose changes to our guidance. We do, however, strongly encourage firms and API initiatives to look collectively for ways to rationalise the strong customer authentication process (in a way that is compatible with the SCA-RTS) and reduce the impact on customers, TPPs and account providers of the need regularly to input multiple authentication factors.

Currency of value limits in the low value and contactless exemptions
Limits and thresholds in the SCA-RTS Article 11 (contactless at point-of-sale) and Article 16 (low value) exemptions and in relation to Article 18 (transaction risk analysis) are denominated in euro. We recognise that fluctuations in exchange rates between euro and sterling may cause operational difficulties and customer confusion. We have clarified that we expect PSPs to take a reasonable and consistent approach to dealing with such fluctuations, which may include use of rounding to a sensible sterling amount, provided the amount complies with the limits or thresholds.

4 Fraud and complaints reporting

4.1 In this chapter we summarise and respond to the feedback we received to our proposed fraud and complaints reporting rules and related guidance.

4.2 Following publication of our approach to fraud reporting under PSD2 in September 2017, there were a number of developments. The European Banking Authority (EBA) concluded its work to introduce its 'Guidelines on fraud reporting under the Payment Services Directive 2 (PSD2)' (EBA fraud reporting guidelines) that aim to harmonise fraud reporting across the EU. The FCA and the Payment Systems Regulator also continued work to address authorised push payment fraud (APP fraud).

4.3 Most comments received concerned:

- the data to be reported under the EBA fraud reporting guidelines
- our proposed guidance relating to authorised push payment fraud

Changes to fraud reporting following final EBA fraud reporting guidelines

4.4 PSD2 requires payment service providers (PSPs) to provide their competent authorities with statistical data on payments fraud at least annually. Competent authorities are required to provide these data in aggregated form to the EBA and European Central Bank (ECB).

4.5 As the Directive does not specify these data or how they should be reported, in September 2017, we made rules requiring PSPs to collect the fraud data specified in Form REP017.

4.6 At that time, we noted the EBA was developing the fraud reporting guidelines and that once the EBA finalised its guidelines, we would update our approach.

4.7 The EBA fraud reporting guidelines were finalised in July 2018. We support the intention of these guidelines – to collect important data on fraud that can be used to better understand fraud trends and identify where further action may be required.

4.8 As such, in CP18/25 we proposed to replace REP017 with an updated form that reflects these guidelines. This would mean that PSPs would submit data for 2018 using the interim REP017. From January 2019, PSPs would need to start collecting data under a new REP017 reflecting the final EBA fraud reporting guidelines.

4.9 We also proposed to continue requiring account information service providers (AISPs) to report fraud data, despite AISPs not being covered by the EBA fraud reporting guidelines. This was to enable AISPs to comply with the Payment Services Regulations 2017 (PSRs 2017), which require all PSPs to report fraud data.

In CP18/25 we asked:

Q8: **Do you agree with our approach to implementing the EBA fraud reporting guidelines? If not, please explain why.**

Q9: **Do you have any feedback on how the FCA can best use the data we would receive under the EBA fraud reporting guidelines?**

4.10 Of those who responded to these questions, the majority agreed with our approach. There were some concerns raised and a number of requests for further clarity, including:

- Comments that the FCA's implementation of the EBA fraud reporting guidelines would be burdensome for firms and difficult to implement by 1 January 2019.
- Concerns that the mismatch of terminology used across the proposed fraud reporting and the FCA complaints reporting would increase the burden on firms.
- Requests for further clarity on 'manipulation of payer' fraud types.
- Requests for further clarity on which fraudulent transactions acquirers should report.
- Requests for more information on how adjustments for previous periods should be reported.
- Various additional suggestions to make the terminology used clearer and requests for us to provide more guidance on fraud types.
- Requests for more information about how the FCA will use the data. While some PSPs expressed reservations about the publication of fraud data, others suggested the data should be provided to industry to better enable PSPs to assess their fraud controls.

Our response:

Burden of reporting

We acknowledge the feedback regarding the difficulty of making the necessary changes to start recording fraud statistics under the EBA fraud reporting guidelines from 1 January 2019. In order to address these concerns, we have amended our directions so that PSPs will have a 6 month period in which to transition to the new requirements. In effect, this means that in the first 6 month period after 1 January 2019, the FCA requires firms to use the new form to provide at least the fraud totals collected under our interim fraud reporting rules. We will not take action however against a PSP simply because it fails to send fraud data beyond this (ie the more detailed data specified in the EBA fraud reporting guidelines) in relation to the first 6 months after 1 January 2019. We note, however, that PSPs have a separate obligation to make every effort to comply with EBA guidelines, under the EBA Regulations[2].

2 Regulation (EU) 1093/2010, Article 16(3).

Fraud reporting and complaints reporting
The data requirements for fraud reporting have been set in the EBA fraud reporting guidelines. We are not able to align the terminology of those requirements with existing complaints reporting rules already in force. We do, however, keep our reporting under review and may return to this issue in the future.

Manipulation of the payer
We have provided some further guidance in the notes on completing the REP017 Payments Fraud Report, regarding payment transactions made because of the payer being manipulated.

Reporting from acquirers
On the question of which parties are required to report the fraud, the EBA has clarified that card payments are reported both by the payer's PSP (the issuer) and the payee's PSP (the acquirer). We further confirm that acquirers should report all the transactions they have acquired and, of these, all the fraudulent transactions they have detected (that is - cases that have been notified or reported to the acquirer and cases that the PSP has identified itself). This is regardless of our clarification above about the calculation of the fraud rate.

Reporting adjustments from previous periods
We have provided guidance on reporting adjustments in the notes for completing Form REP017. Firms will need to use the normal adjustment facility in the Gabriel reporting system.

Other requests for additional guidance
We have made a number of changes to the new Form REP017 and the completion notes to address suggestions received.

How the FCA will use the data
We are grateful for the suggestions we received concerning how we might best use the fraud data. We will consider how best to use the data gathered including whether and how it can be shared.

Introduction of specific complaints reporting relating to APP fraud

4.11 This section is relevant to both PSPs subject to the PSRs 2017 and to credit unions.

4.12 On 23 September 2016, Which? submitted a super-complaint to the Payment Systems Regulator (PSR), which was also sent to the FCA about the consumer safeguards for authorised push payments (APP). Which? had concerns that there is currently insufficient protection for consumers who have been victims of fraud where the customer authorises a payment (in contrast to unauthorised payments, eg where a stolen credit card is used to make payments).

4.13 An APP occurs where the customer gives their consent for a payment to be made by credit transfer from their account to another account (as distinct to a payment that might be 'pulled' such as a direct debit). APP frauds involve the customer being

tricked in some way about the payment being made. This might lead to the customer consenting to a payment being sent to a fraudster's account, rather than an intended recipient, or being made for reasons that have been fabricated by the fraudster.

4.14 In CP18/16, we consulted on requiring PSPs and credit unions to handle complaints about alleged fraud relating to funds received because of an APP fraud in line with the Dispute Resolution: Complaints Sourcebook (DISP), which includes broad reporting requirements.

4.15 We also proposed extending the Financial Ombudsman Service's jurisdiction to allow eligible complainants to refer these complaints to the Financial Ombudsman Service. These rules come into force on 31 January 2019. Feedback to CP18/16 and our response is published in www.fca.org.uk/publication/policy/ps18-22.pdf .

4.16 In CP 18/25 we consulted on amending PSPs' complaints returns in order to require them to report specific data on complaints about alleged APP fraud (as either the paying or receiving party).

4.17 Since credit unions may also be the recipients of funds transferred as a result of APP fraud, we proposed to amend credit union complaints reporting rules.

In CP18/25 we asked:

Q10: Do you agree with our proposal to require PSPs and credit unions to record and report data on complaints they have received about alleged APP fraud in general? If not, please explain why.

4.18 Of those that responded to the question, most were in favour of our proposals. However, there were some suggestions for further clarifications and a concern, including:

- requests for further clarity on the start date for the complaints reporting
- questions about how complaints concerning frauds should be identified
- questions about reporting in relation to forwarded complaints
- how the 'manipulation of the payer' fraud in the EBA's fraud reporting guidelines (and subject to reporting requirements by the FCA), related to the proposed definition of 'APP fraud' in the FCA Handbook Glossary
- one respondent noted the potential for APP fraud complaints data to be used (if made available publicly) by fraudsters (eg to target different organisations based on the information provided)

Our response:

Start date for the complaints reporting
The change to complaints reporting rules will come into force on 1 July 2019. Complaints returns by PSPs and credit unions from this date should include these data from 1 July 2019 going forward. We believe this implementation period should provide PSPs and credit unions with enough time after the publication of the final rules to make the necessary process, system and training changes required to start collecting and reporting these data.

Identifying complaints
The definition of 'complaint' is set out in the FCA Handbook Glossary. Our proposal relates to the specific reporting of APP fraud complaints, and, following the publication of final rules in PS18/22, we have defined 'APP fraud' in the FCA Handbook Glossary.

Forwarded complaints
A firm is not required to report a complaint that has in its entirety been forwarded to another respondent under the complaints forwarding rules, unless it is responsible for part of the complaint. The relevant rules for PSPs and the payment services complaints return are DISP 1.10B.3D and 1.10B.4D, and the relevant rules for credit unions and the credit unions complaints return are CREDS 9.2.2R and 9.2.3G.

'Manipulation of the payer' fraud and APP fraud
The 'APP fraud' definition is limited to malicious misdirection and malicious payees involving credit transfers. This is not the same as the EBA's definition of 'manipulation of the payer' fraud, which requires fraud to be reported for all payment types, where a customer has been manipulated into issuing a payment order, or giving the instruction to do so to the payment service provider. Firms will be required to report complaints relating to instances of APP fraud which meet the FCA's Handbook Glossary definition.

Malicious use of the published complaints data
APP fraud complaints recorded by firms will form part of their overall complaints numbers. As part of CP18/25 we considered if we should publish specific APP fraud complaints data. We do not plan to publish these data at present, though we may reconsider this in future. We will use the data to help understand whether there has been progress on tackling APP fraud, and to inform our supervisory work in this area.

Additions to guidance related to APP fraud

4.19 In CP18/25 we also made some changes to Chapter 8 (Conduct of Business) of our Approach Document, relating to APP fraud and related regulatory and industry initiatives. These are discussed below.

4.20 Under PSD2, where a customer authorises a payment to the wrong sort code and account number, PSPs are required to make reasonable efforts to recover the funds. The payee's PSP must co-operate with the payer's PSP in its efforts to recover the funds, specifically by providing all relevant information to the payer's PSP. A similar problem with recovery of funds can occur whether a customer is defrauded into sending funds to the wrong sort code and account number (as in APP fraud) or does so mistakenly.

4.21 We proposed guidance to clarify that the same cooperation should be put in place whether the customer gives an incorrect sort code and account number or both by mistake or because they were deceived into giving an account number and sort code belonging to someone other than who they intend to send the money to.

4.22 We also proposed guidance in light of a voluntary contingent reimbursement industry code under development that is intended to help address cases of customer harm due to APP fraud. This included reminding PSPs that they are under an obligation to comply with legal requirements to deter and detect financial crime.

In CP18/25, we asked:

Q11: **Do you agree with our proposed Approach Document text clarifying our expectations in relation to PSPs' requirements where the wrong unique identifiers are used? If not, please explain why.**

Q12: **Do you agree with our proposed Approach Document text clarifying guidance in light of the contingent reimbursement code developments? If not, please explain why.**

4.23 Of those that responded, there was disagreement with the proposed clarification regarding mistaken payments. There was also disagreement with the guidance in relation to the references to the contingent reimbursement code. Respondents made the following points:

- Rules in PSD2 on misdirected payments are only intended to apply to cases where customers have inadvertently sent money to the wrong account, and not to cases where customers have been defrauded into doing so (ie authorised push payment fraud).
- In APP scams, the customer has put in the account number they intended to include which is very different from entering the incorrect sort code and account number.
- There were concerns about what the cooperation would mean in the context of APP scams, for example, giving the payer the details of the alleged fraudster.
- Overall, respondents felt that guidance in light of the contingent reimbursement code should only be determined once the consultation on the code has been finalised.

Our response:

Mistaken payments guidance
We remain of the view that inputting account details which later transpire to be incorrect should fall under the scope of Regulation 90 of the Payment Services Regulations 2017, whether due to a mistake, or because of an APP scam. We do not propose to change this guidance and we expect firms to cooperate in line with Regulation 90 in both scenarios.

Guidance in light of the contingent reimbursement code
We have considered feedback that guidance relating to the contingent reimbursement code should not be finalised until further progress has been made on finalising the code. We have removed the reference from the Approach Document. We will re-insert it at the earliest opportunity once the code is finalised.

5 Other changes to the Approach Document

5.1 In this chapter, we summarise and respond to feedback about some of the broader changes we proposed to make to the Payment Services and E-money Approach Document (Approach Document).

5.2 This chapter also covers additional changes we have made to our guidance due to further clarification by the EBA on PSD2 through the Single Rulebook question and answer (Q&A) tool where the published EBA Q&As are relevant to issues raised by respondents to the consultation.

5.3 In CP18/25 we proposed several consequential changes to various chapters of the Approach Document. These were intended to ensure the Approach Document remains up-to-date, to reflect a number of other EU Regulatory Technical Standards and guidelines that have been finalised, and our experience since we published the Approach Document in September 2017.

In CP18/25, we asked:

Q13: Do you agree with our other changes to the Approach Document? If not, please explain why? Please provide section references in your response.

5.4 Those who answered this question tended neither to agree nor disagree. However, there were a number of suggestions for further amendments to the parts of the Approach Document on which we consulted in CP18/25, or issues raised with the changes we proposed. Many responses to this question are covered in responses in previous chapters. However, additional issues raised included:

- disagreement with additional guidance in Chapter 3 that all draft contracts should be provided during the process of authorisation
- requests for clarity on guidance added regarding the role of auditors to report issues of non-compliance with PSD2 to the FCA
- requests for more guidance on providing access to TPPs via a modified customer interface (as opposed to a dedicated interface)
- a request for confirmation that the audit referred to in the operational and security risk assessment form (REP018) was the audit required under Article 3 of the SCA-RTS

Our response:

Authorisations guidance
We have amended guidance on when applicants should provide contracts to the FCA.

Auditors
We have amended this reference, as the audit requirement in the PSRs 2017 does not apply to banks and building societies. Banks and building societies, and their auditors, are subject to different audit requirements under SUP 3 of the FCA Handbook.

Guidance on the modified customer interface
We do not intend to provide further guidance on the modified customer interface. We have already provided guidance on the SCA-RTS requirements which apply to it in the Approach Document. It will be for individual PSPs to ensure compliance with the relevant obligations.

Other changes to the Approach Document
We have made a number of additional amendments to our proposed changes to the Approach Document to respond to suggestions from respondents. These changes, where appropriate, also reflect relevant EBA Q&As.

Operational and security risk audit
We can confirm that the audit requirements in the operational and security risk requirements are separate from those required under SCA-RTS Article 3.

6 Other changes to Perimeter Guidance and Handbook

6.1 In this chapter, we summarise and respond to feedback about changes and corrections we proposed to make to our Perimeter Guidance Manual (PERG).

Agents of account information service providers (AISPs)

6.2 Under regulation 34 of the Payment Services Regulations (PSRs) 2017 (as amended by The Payment Systems and Services and Electronic Money (Miscellaneous Amendments) Regulations 2017 SI 1173/2017) authorised payment institutions, small payment institutions and registered account information service providers (RAISPs) may not provide payment services through an agent unless the agent is registered with the FCA.

6.3 An agent is a person who acts for a payment institution (PI), electric money institution (EMI) or RAISP (their 'principal') in the provision of payment services.

6.4 The principal is responsible for all their activities when they are providing the principal's service. The Payment Services Regulations 2017 require customers to be informed of the agency arrangement, as well as the name of the payment service provider. This means that it should always be clear to a customer that they are receiving the principal's service through an agent, and who the principal is. This is important because the customer will have a right of recourse against the principal if something goes wrong. An agent that provides its own account information service or other payment services to customers on its own behalf, rather than providing the account information service or other payment services of the principal, is likely to be in breach of the prohibition in regulation 138 of the PSRs 2017 (prohibition on provision of payment services by persons other than payment service providers). They would need their own authorisation or registration.

6.5 In CP18/25 we proposed changes to PERG to clarify how agency arrangements might work in circumstances where more than one business is involved in the provision of an account information service to a customer.

In CP18/25, we asked:

Q14: Do you agree with our proposed changes to PERG regarding agents? If not, please explain why.

6.6 Of those that responded, most supported our proposed changes to PERG regarding agents. Where responses to the CP were made about the draft guidance, this included:

- disagreement that businesses are outside the regulatory perimeter when involved in certain aspects of the provision of an account information service, but not themselves providing an AIS to the customer

- requests for clarity on how agents should be identified towards the account provider (ie in the context of the use of certificates for the purposes of identification (eIDAS certificates) required under PSD2)

Our response:

AIS perimeter
We have amended guidance in PERG to further clarify the distinction between agents – businesses through which the principal provides its account information services); and technical service providers – businesses which a principal can partner with that may provide the technical support needed to provide account information services. We have clarified that these technical service providers can be involved in accessing data, storing it and processing it. However, if they do not provide consolidated information directly to a customer, they will not be in the regulatory perimeter.

It is possible that the same firm might be looking to act in different capacities depending on the specific service being offered and the relationship with the customer. In all circumstances, AIS must only be offered by the entity that possesses the correct permissions to carry out that service in that particular instance.

We also clarify in the Approach Document that authorisation or registration as an AISP or PISP does not allow a business to access customer account data or payments functionality where no AIS or PIS is being provided. Each time an AISP or PISP uses its regulatory status, or the eIDAS certificate it is issued, to access a customer account, it must be for the purpose of providing an AIS or PIS to that customer.

How agents should be identified towards the account provider
The EBA published an Opinion on the use of eIDAS certificates under the SCA-RTS provides clarity on how identification towards the account provider which should work using eIDAS certificates.

Perimeter guidance on e-commerce platforms

6.7 Question 33A of Chapter 15 of PERG gives guidance on whether the Payment Services Regulations (PSRs) 2017 apply to e-commerce platforms that collect payments from buyers of goods and services and then remit the funds to the merchants that sell goods and services. We consulted on this guidance in CP17/11 in April 2017.

6.8 In CP18/25 we proposed to add an additional example of a type of e-commerce platform that we expect is likely to fall within the scope of the PSRs 2017. Specifically, we propose to clarify that we would generally expect an e-commerce platform that

provides so-called escrow services as a regular occupation or business activity to be offering payment services that are subject to the PSRs 2017, although the individual circumstances of each particular case will always need to be taken into account.

In CP18/25 we asked:

Q15: Do you agree with our proposed changes to PERG regarding e-commerce platforms? If not, please explain why.

6.9 We received a small number of responses to this question, but all respondents supported our proposal. There were some additional suggestions for further amendments, including:

- a suggestion that our guidance on firms excluded from regulation under the regular occupation or business activity test (ROBA) in Q9 of PERG 15 contradicted the guidance provided on e-commerce platforms and the commercial agent exclusion
- requests to clarify the term 'ancillary'
- requests to provide further examples, alongside escrow, of businesses that would likely not pass the commercial agent exclusion when undertaken as a regular occupation or business activity

Our response:

Regular occupation or business activity test
We do not propose a change to the guidance to amend the ROBA test for businesses such as solicitors and letting agents. We remain of the view that the ancillary services described in Q9 of PERG15 carried out by such businesses may be examples of payment services that are not carried out as a regular occupation or business activity.

We have, however, provided signposting between the ROBA guidance (Q9) and the guidance on exclusions (PERG 15.5).

'Ancillary'
We do not propose to provide additional guidance for ancillary activity as the term is already defined in the handbook glossary.

Further examples in Q33A
We do not propose to further amend Q33A or provide further examples. Escrow services are an indicative example, but we do not suggest that it is the only service provided by an e-commerce platform that would fail the commercial agent exclusion test and be in scope of PSRs 2017.

Closed loop gift cards

6.10 When we originally consulted on implementation of PSD2, we were asked by stakeholders to clarify whether 'closed-loop' gift cards, that do not come under the definition of e-money, were within scope of the limited network exclusion (LNE) and subject to the notification requirements for businesses operating under this exclusion. We acted on this feedback by amending Q40 of PERG to clarify that excluded instruments under the LNE could include store cards, such as closed-loop gift cards.

6.11 We have since received feedback that the term has different interpretations and is causing confusion amongst industry participants.

6.12 We consider that 'gift cards' are not payment instruments in the way that is intended in the Directive where the issuer is a retailer and the gift card can only be used to obtain goods or services from that retailer.

6.13 In CP18/25 we proposed to make this clarification in PERG. We also proposed to remove reference to 'closed loop' and provide further clarification.

In CP18/25, we asked:

Q16: **Do you agree with our proposed changes to PERG regarding closed loop gift cards? If not, please explain why.**

6.14 We received a small number of responses to this question, but all respondents supported our proposal.

6.15 One respondent noted that the change should also apply to closed loop gift cards issued by a professional card issuer on behalf of the retailer, to purchase goods and services from that particular retailer.

Our response:

We confirm the changes to Q40 of PERG without further amendments.

The change we have made to clarify that retailers issuing their own gift cards should not have to notify, is based on the issuer and the retailer being the same person. If the issuer is not the retailer, but the card would be used to purchase goods and services from that retailer, it is possible that the card would be considered a payment instrument under the PSRs 2017 and the limited network exclusion test would be relevant. We already give relevant guidance in PERG Q40 on such instances.

Other changes to the Glossary of definitions

6.16 In CP18/25, we proposed to make a minor change to the Glossary of definitions to update 'e-money' in the Handbook to reflect the changes to the electronic

communication exclusion and limited network exclusion made by PSD2. We received a suggestion to change the proposed amended definition of electronic money. We were updating the definition to bring it in line with the changes PSD2 makes to the exclusions using the same language used in PSD2. So, we cannot make the suggested changes.

7 Cost benefit analysis

7.1 In this chapter, we summarise and respond to feedback about the cost benefit analysis (CBA) for our proposals.

7.2 Most of the changes in CP18/25 will be made under powers given to us in the Payment Services Regulations (PSRs) 2017. We are not required to publish a CBA in relation to the exercise of our powers under the PSRs 2017, as drafted. However, regulation 106 (3) of the PSRs 2017 states that we must have regard to (among other things) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits.

7.3 To help us assess the proportionality of our proposals, in CP18/25 we considered whether they impose costs on payment service providers beyond those which are inherent in the PSRs 2017 and related legislation, such as European Commission delegated regulations developed by the European Banking Authority (EBA).

In CP18/25, we asked:

Q17: **Do you agree with our assessment of the costs and benefits of the proposed changes?**

7.4 Of the limited number that responded to this question, while most neither agreed, nor disagreed a few respondents did disagree. The respondents raised the following points:

- The requirements of the SCA-RTS would have a disproportionate impact on smaller account providers who may not experience any demand to provide access to TPPs.
- One respondent challenged the assertion in the CBA that our proposals would not add significant costs beyond those introduced by PSD2 and the SCA-RTS.
- One respondent noted that the costs of the quarterly reporting of performance statistics would only be negligible if the FCA provided firms with a format for how this data should be provided.
- One respondent suggested that the CBA should have covered the possibility of a data breach impacting customers and trust in the account aggregator industry.

Our response:

Cost of SCA-RTS requirements
The impact of the Regulatory Technical Standards for strong customer authentication and common and secure open standards of communication (SCA-RTS) has been considered by the European Commission and the EBA which developed the rules. We have considered the costs and benefits of our implementation of these rules,

which on the whole has been limited to enabling firms to meet their legal obligations under the rules. We believe, on this basis, the costs imposed by our approach are minimal beyond costs already imposed through the EU measures in question.

Costs of quarterly reporting of performance statistics
We have now clarified how firms should submit quarterly statistics. We believe this will have very minimal cost implications for firms given the existing requirement to publish this data.

Consideration of costs of a data breach
Our CBA has been limited to the costs and benefits of introducing rules and guidance to enable firms to comply with the SCA-RTS and relevant EBA guidelines. However, more broadly, we note that all businesses, including technical service providers not regulated by the FCA, need to be aware of their obligations under the General Data Protection Regulation. These rules are the responsibility of the Information Commissioner's Office (ICO). We have and will continue to engage with the ICO on the matter of PSD2 and the broader implications of increased data sharing and data handling in financial services.

Annex 1: List of non-confidential respondents

Airplus international

American Express

Atom

Barclays

Capital Credit Unions

CGI

Electronic Money Association

EML Payment Solutions Limited

FDATA

Financial Services Consumer Panel

Integralcard

Limehouse consulting

Linxo group

Lloyds Banking Group

Medici legal advisors

Natwest & RBS

New Payment Systems Operator

Open Banking

Openwrks (Business Financial Technology Group)

Optal Limited

Quali-Sign Ltd

Sainsburys

Standard Chartered

Stripe

Transpact

Trustly

UK Credit Unions Ltd

UK Finance

Untied

Visa

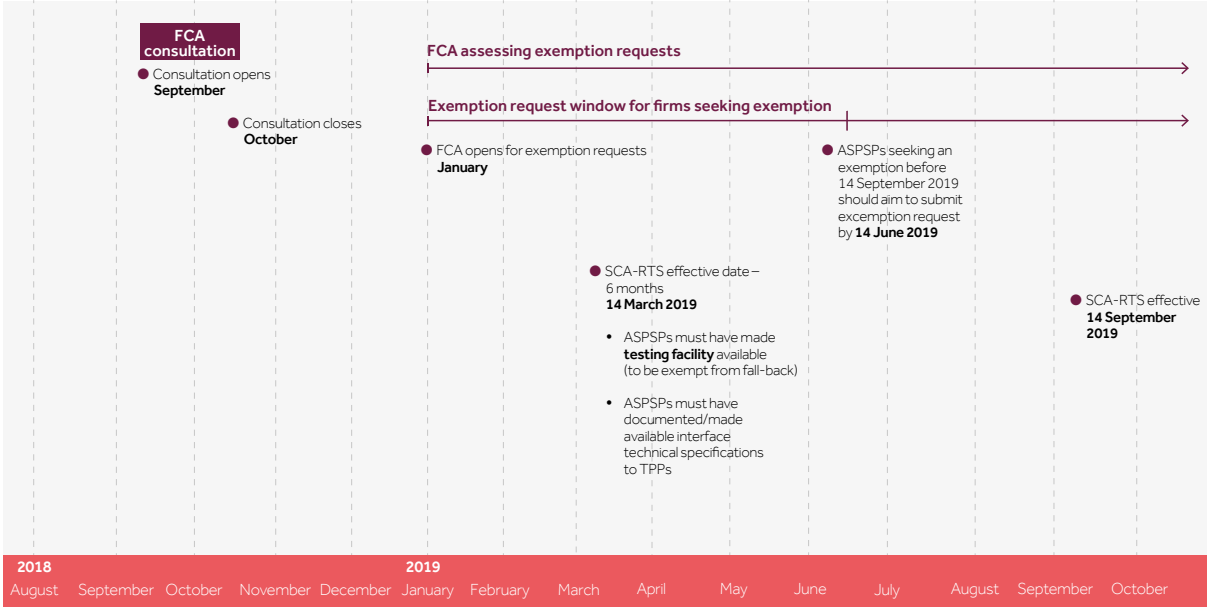
Waitrose

Worldpay

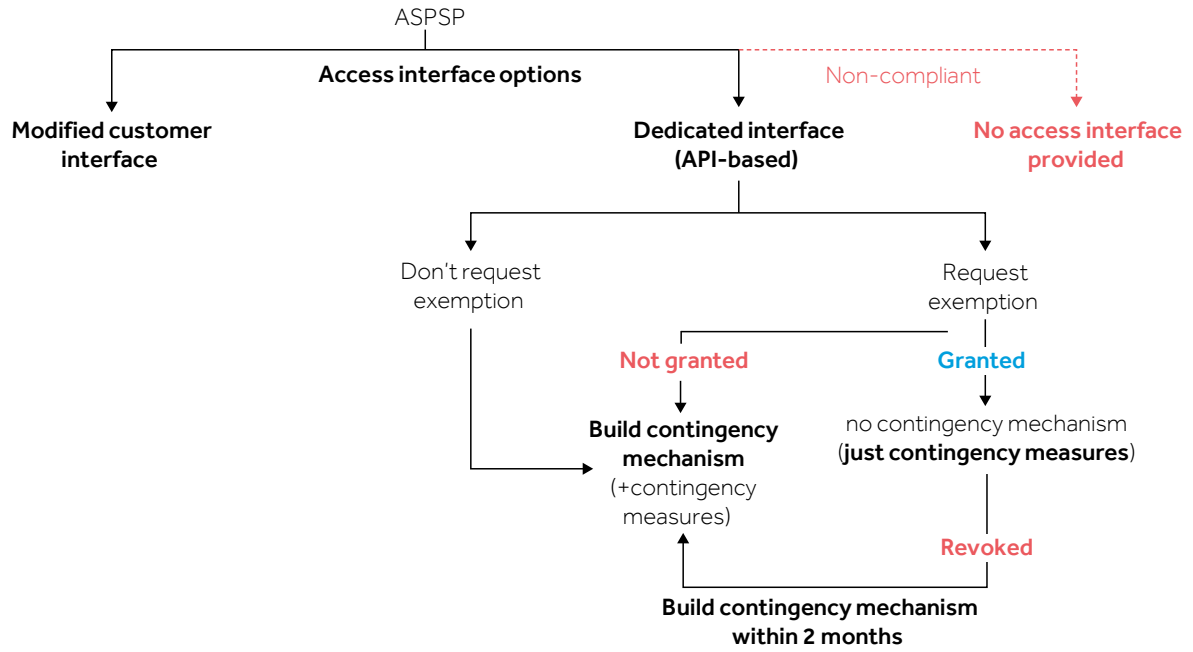
Yodlee

Annex 2: Timeline and exemption process

Contingency mechansim exemption timeline



Contingency measures, contingency mechanism, exemption and revocation for dedicated interfaces



Annex 3: Abbreviations used in this paper

AIS	Account information service
API	Application programming interface
APP	Authorised push payment
CBA	Cost benefit analysis
CBPII	Card-based payment instrument issuer
CP	Consultation paper
CREDS	The Credit Union sourcebook
DISP	Dispute Resolution: Complaints sourcebook
EMI	Electronic money institution
EBA	European Banking Authority
LNE	Limited network exclusion
OBIE	Open Banking Implementation Entity
PERG	Perimeter Guidance Manual
PI	Payment institution
PIS	Payment initiation service
PSD2	Revised Payment Services Directive
PSP	Payment service provider
PSR	Payment Systems Regulator

RAISP	Registered account information service provider
RTS	Regulatory Technical Standard
SCA-RTS	RTS for strong customer authentication and common and secure open standards of communication
TPP	Third-party provider

We have developed the policy in this Policy Statement in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 7948 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Appendix 1
Made rules (legal instrument)

PAYMENT SERVICES (AMENDMENT) INSTRUMENT 2018

Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Act:

(a) section 137A (The FCA's general rules) (including as applied by paragraph 3 of part 1 of Schedule 6 of the Payment Services Regulations 2017);
(b) section 137T (General supplementary powers) (including as applied by paragraph 3 of part 1 of Schedule 6 of the Payment Services Regulations 2017);
(c) section 139A (Power of the FCA to give guidance);
(d) paragraph 13(4) of Schedule 17 (FCA's rules); and

(2) the following regulations of the Regulations:

(a) regulation 30(4) and (5) (Supervision of firms exercising passport rights);
(b) regulation 98(3) (Management of operational and security risks);
(c) regulation 109 (Reporting requirements); and
(d) regulation 120 (Guidance).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 19 December 2018 except for part 2 of Annex B which comes into force on 1 January 2019, part 3 of Annex B and part 2 of Annex F which come into force on 14 September 2019, and Annexes D and E which come into force on 1 July 2019.

Amendments to the Handbook

D. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Banking: Conduct of Business sourcebook (BCOBS)	Annex C
Dispute Resolution: Complaints sourcebook (DISP)	Annex D
Credit Unions sourcebook (CREDS)	Annex E

Amendments to material outside the Handbook

E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex F to this instrument.

Notes

F. In this instrument, the "notes" (indicated by "**Note:**") are included for the convenience of readers but do not form part of the legislative text.

Citation

G. This instrument may be cited as the Payment Services (Amendment) Instrument 2018.

By order of the Board
13 December 2018

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text unless otherwise stated.

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

SCA RTS	Regulation (EU) 2018/389 (RTS) on strong customer authentication and common and secure open standards of communication.

Amend the following definition as shown.

electronic money	electronically (including magnetically) stored monetary value as represented by a claim on the *electronic money issuer* which is: (a) issued on receipt of funds for the purpose of making payment transactions as defined in Article 4(5) of the *Payment Services Directive*; and (b) accepted by a *person* other than the *electronic money issuer*; but does not include: (c) monetary value stored on specific *payment instruments* that can ~~be used to acquire goods or services only~~ only be used in a limited way and meet one of the following conditions: (i) ~~in or on the *electronic money issuer*'s premises; or~~ allow the holder to acquire goods or services only in the issuer's premises; (ii) ~~under a commercial agreement with the *electronic money issuer*, either within a limited network of service providers or for a limited range of goods or services; or~~ are issued by a professional issuer and allow the holder to acquire goods or services only within a limited network of service providers which have a direct commercial agreement with the issuer; (iii) may be used only to acquire a very limited range of goods or services; or

(iv) are valid only in a single *EEA State*, are provided at the request of an undertaking or a public sector entity, and are regulated by a national or regional public authority for specific social or tax purposes to acquire specific goods or services from suppliers which have a commercial agreement with the issuer.

(d) ~~monetary value that is used to make payment transactions executed by means of any telecommunication, digital or IT device, where the goods or services purchased are delivered to and are to be used through a telecommunication, digital or IT device, provided that the telecommunication, digital or IT operator does not act only as an intermediary between the payment service user and the supplier of the goods and services.~~

monetary value that is used to make *payment transactions* resulting from services provided by a provider of electronic communications networks or services, including transactions between persons other than that provider and a subscriber, where those services are provided in addition to electronic communications services for a subscriber to the network or service, and where the additional service is:

(i) for purchase of *digital content* and voice-based services, regardless of the device used for the purchase or consumption of the digital content, and charged to the related bill; or

(ii) performed from or via an electronic device and charged to the related bill for the purchase of tickets or for donations to organisations which are registered or recognised as charities by public authorities, whether in the *United Kingdom* or elsewhere,

provided that the value of any single *payment transaction* does not exceed £40, and the cumulative value of *payment transactions* for an individual subscriber in a month does not exceed £240.

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text unless otherwise stated.

Part 1: Comes into force on 18 December 2018

After SUP 15B (Applications and notifications under the benchmarks regulation and powers over Miscellaneous BM persons) insert the following new chapter, SUP 15C. The text is not underlined.

15C Applications under the Payment Services Regulations

15C.1 Application

15C.1.1 R This chapter applies to *payment service providers*.

15C.2 Request for exemption from the obligation to set up a contingency mechanism (Article 33(6) of the SCA RTS)

15C.2.1 G *Account servicing payment service providers* that opt to provide a dedicated interface under article 31 of the *SCA RTS* may request that the *FCA* grant an exemption from the obligation in article 33(4) to set up a contingency mechanism. The exemption will be granted if the dedicated interface meets the conditions set out in article 33(6).

15C.2.1 D *Account servicing payment service providers* wishing to rely on the exemption in article 33(6) of the *SCA RTS* must submit to the *FCA* the form specified in *SUP* 15C Annex 1D by electronic means made available by the *FCA*.

15C.2.2 G *Account servicing payment service providers* are encouraged to discuss an exemption request with their usual supervisory contact as early as possible, and before submitting the form in *SUP* 15C Annex 1D.

15C.2.3 G The *EBA* issued Guidelines on 4 December 2018 on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the *SCA RTS*. The Guidelines clarify the requirements *account servicing payment service providers* need to meet to obtain an exemption and the information competent authorities should consider to ensure the consistent application of these requirements across jurisdictions. The *FCA* provides further guidance on making an exemption request in chapter 17 of the *FCA*'s Approach Document.

[**Note:** see https://eba.europa.eu/documents/10180/2250578/Final+Report+on+Guidelines+on+the+exemption+to+the+fall+back.pdf/4e3b9449-ecf9-4756-8006-cbbe74db6d03 and https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf]

15C.2.4 D When completing the form specified in *SUP* 15C Annex 1D, *account servicing payment service providers* must provide to the *FCA* such information as is necessary to enable the *FCA* to determine whether the requirements in Guidelines 2 to 8 of the *EBA*'s Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the *SCA RTS* are met.

15C.2.5 G *Account servicing payment service providers* should note that article 16(3) of Regulation (EU) 1093/2010 also requires them to make every effort to comply with the *EBA*'s Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the *SCA RTS*.

15C Annex 1D	**Form: Request for exemption from the obligation to set up a contingency mechanism**

Form: Request for exemption from the obligation to set up a contingency mechanism

Where a group of *account servicing payment service providers* (ASPSPs) operates the same dedicated interface across different banking brands, subsidiaries or products, we require a single request for that dedicated interface.

Where a group of ASPSPs or a single ASPSP operates a number of different dedicated interfaces, e.g. in respect of different banking brands, subsidiaries or products, we require separate requests in respect of each different dedicated interface for which an ASPSP is seeking an exemption.

D1	Financial Registration Number (FRN):	
D2	Interface Name/Id (ASPSPs submitting a return should provide the name or ID used within the PSP to identify the interface being reported on)	

D3	If this is a single request for a dedicated interface operated across different banking brands, subsidiaries or products, please provide the names of the different banking brands, subsidiaries or products	
D4	If this is a request for one of a number of dedicated interfaces being operated across different banking brands, subsidiaries or products, please identify the group (e.g. banking group) and the brand, subsidiary or product which is the subject of this request	
D5	Contact person name	
D6	Contact role within organisation	
D7	Contact phone number	
D8	Contact email address	

Guidance on completing the form can be found in the Payment Services and Electronic Money Approach Document, Chapter 17.

[Note: see https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf.]

ASPSPs completing the form should also comply with the Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC) (*EBA* Guidelines).

[Note: see https://eba.europa.eu/documents/10180/2250578/Final+Report+on+Guidelines+on+the+exemption+to+the+fall+back.pdf/4e3b9449-ecf9-4756-8006-cbbe74db6d03.]

Form A: exemption criteria

	Service level, availability and performance (EBA Guideline 2)	
Q1	Has the ASPSP defined service level targets for out of hours support, monitoring, contingency plans and maintenance for its dedicated interface that are at least as stringent as those for the interface(s) used by its own payment service users (EBA Guideline 2.1)?	
Q2	Has the ASPSP put in place measures to calculate and record performance and availability indicators, in line with EBA Guidelines 2.2 and 2.3?	
	Publication of statistics (EBA Guideline 3)	
Q3	Please set out the plan for the quarterly publication of daily statistics on the availability and performance of the dedicated interface and payment service user interface.	
	Stress testing (EBA Guideline 4)	
Q4	Please provide a summary of the results of stress tests undertaken.	
	Obstacles (EBA Guideline 5)	
Q5	Please describe the method(s) of carrying out the authentication procedure(s) of the payment service user that are supported by the dedicated interface	
	Redirection ☐ Confirm that supporting evidence has been provided	Summary of the authentication procedure Explanation of why the methods of carrying out the authentication procedure does not create obstacles
	Decoupled	Summary of the authentication procedure

	☐ Confirm that supporting evidence has been provided	Explanation of why the methods of carrying out the authentication procedure does not create obstacles
	Embedded ☐ Confirm that supporting evidence has been provided	Summary of the authentication procedure
		Explanation of why the methods of carrying out the authentication procedure does not create obstacles
	Other authentication method ☐ Confirm that supporting evidence has been provided	Summary of the authentication procedure
		Explanation of why the methods of carrying out the authentication procedure does not create obstacles
	Design and testing to the satisfaction of PSPs (EBA Guideline 6) – also complete Form B	
Q6	Please provide information on whether, and, if so, how the ASPSP has engaged with AISPs, PISPs and CBPIIs in the design and testing of the dedicated interface.	
Q7	Please provide the date (DD/MM/YYYY) from which the ASPSP has made available, at no charge, upon request, the documentation of the technical specification of the dedicated interface specifying a set of routines, protocols, and tools needed by AISPs, PISPs and CBPIIs to interoperate with the systems of the ASPSP.	

Q8	Please provide the date (**DD/MM/YYYY)** on which the ASPSP published a summary of the technical specification of the dedicated interface on its website and a web link.		
Q9	Please provide the date (**DD/MM/YYYY**) on which the testing facility became available for use by AISP, PISPs, CBPIIs (and those that have applied for the relevant authorisation).		
Q10	Please provide the number of different PISPs, CBPIIs, AISPs that have used the testing facility.	AISPs	
		CBPIIs	
		PISPs	
Q11	Please provide a summary of the results of the testing as required.		
	Wide usage of the interface (EBA Guideline 7)		
Q12	Please provide a description of the usage of the dedicated interface in a three month (or longer) period prior to submission of the exemption request.		
Q13	Describe the measures undertaken to ensure wide use of the dedicated interface by AISPs, PISPs, CBPIIs.		
	Resolution of problems (EBA Guideline 8)		
Q14	Please describe the systems or procedures in place for tracking, resolving and closing problems, particularly those reported by AISPs, PISPs, and CBPIIs.		
Q15	Please explain any problems, particularly those reported by AISPs, PISPs and CBPIIs, that have not been resolved in accordance with the service level targets defined under EBA Guideline 2.1.		

Form B: (EBA Guideline 6) design of the dedicated interface

		Column A	Column B	Column C
Article	**Requirement**	**Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.** **[Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]**	**Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines** **[Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]**	**If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).** **Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?**
PSD2 Article 67 SCA-RTS Article 30 RTS	Enabling AISPs to access the necessary data from payment accounts accessible online			
PSD2 Article 65 & 66 SCA-RTS Article 30	Enabling provision or availability to the PISP, immediately after receipt of the payment order, of all the information on the initiation of the payment transaction and all information accessible to the ASPSP regarding the execution of the payment transaction			
SCA-RTS	Conforming to (widely used) standard(s) of communication issued by international or European standardisation organisations			

Article 30(3)				
PSD2 Article 64(2) SCA-RTS Article 30(1)(c)	Allowing the payment service user to authorise and consent to a payment transaction via a PISP			
PSD2 Article 66(3)(b) and 67(2)(b)	Enabling PISPs and AISPs to ensure that when they transmit the personalised security credentials issued by the ASPSP, they do so through safe and efficient channels.			
PSD2 Article 65(2)(c), 66(2)(d) and 67(2)(c) SCA-RTS Article 30(1)(a) and 34	Enabling the identification of the AISP/PISP/CBPII and support eIDAS for certificates			
SCA-RTS Article 10(2)(b)	Allowing for no more than 90 days re-authentication for AISPs			

SCA-RTS Article 36(5)	Enabling the ASPSPs and AISPs to count the number of access requests during a given period			
SCA-RTS Article 30(4)	Allowing for a change control process			
PSD2 Article 64(2) and 80(2) and 80(4)	Allowing for the possibility for an initiated transaction to be cancelled in accordance with PSD2, including recurring transactions			
SCA-RTS Article 36(2)	Allowing for error messages explaining the reason for the unexpected event or error			
PSD2 Article 19(6)	Supporting access via technology service providers on behalf of authorised actors			
PSD2 Article 97(5) and SCA-RTS Article 30(2)	Allowing AISPs and PISPs to rely on all authentication procedures issued by the ASPSP to its customers			
PSD2 Article 67(2)(d) and 30 (1)(b) and SCA-	Enabling the AISP to access the same information as accessible to the payment servicer user in relation to their designated payment accounts and associated payment transactions			

RTS Article 36(1)(a)				
SCA-RTS Article 36(1)(c)	Enabling the ASPSP to send, upon request, an immediate confirmation yes/no to the PSP (PISP and CBPII) on whether there are funds available			
PSD2 Article 97(2) and SCA-RTS Article 5	Enabling the dynamic linking to a specific amount and payee, including batch payments			
SCA-RTS Articles 30(2), 32(3), 18(2)(c)(v) and (vi) and 18(3)	Enabling the ASPSP to apply the same exemptions from SCA for transactions initiated by PISPs as when the PSU interacts directly with the ASPSP			
SCA-RTS Article 4	Enabling strong customer authentication composed of two different elements			
SCA-RTS Articles 28 & 35	Enabling a secure data exchange between the ASPSP and the PISP, AISP and CBPII mitigating the risk for any misdirection of communication to other parties			
PSD2 Article 97(3)	Ensuring security at transport and application level			

SCA-RTS Articles 30(2)(c) and 35				
PSD2 Article 97(3) SCA-RTS Articles 22, 35 and 3	Supporting the needs to mitigate the risk for fraud, have reliable and auditable exchanges and enable providers to monitor payment transactions			
SCA-RTS Article 29	Allowing for traceability			
SCA-RTS Article 32	Allowing for the ASPSP's dedicated interface to provide at least the same availability and performance as the user interface			

Part 2: Comes into force on 1 January 2019

Amend the following as shown.

16 Reporting requirements

…

16.13 Reporting under the Payment Services Regulations

…

Statistical data on fraud

…

16.13.7 D This statistical data on fraud must be submitted to the *FCA* by electronic means made available by the *FCA* using the format of the return set out in *SUP* 16 Annex 27ED. Guidance notes for the completion of the return are set out in *SUP* 16 Annex 27FG.

16.13.8 ~~G~~ D ~~The return set out in *SUP* 16 Annex 27ED must be provided to the *FCA* at least once per year. The first return should cover the period beginning on 13 January 2018 and ending on 31 December 2018 and should be submitted by 31 January 2019. Subsequent returns should cover consecutive reporting periods of one year beginning on 1 January and ending on 31 December each year and should be submitted within 1 *month* of the end of the reporting period.~~

(1) In the case of an *authorised payment institution*, an *authorised electronic money institution* or a *credit institution*:

(a) the return set out in *SUP* 16 Annex 27ED must be provided to the *FCA* every six *months*;

(b) returns must cover the reporting periods 1 January to 30 June and 1 July to 31 December; and

(c) returns must be submitted within two *months* of the end of each reporting period.

(2) In the case of a *small payment institution*, a *registered account information service provider* or a *small electronic money institution*:

(a) two returns set out in *SUP* 16 Annex 27ED must be provided to the *FCA* every twelve *months.* Each return must cover a six-*month* period;

(b) one return must cover the period 1 January to 30 June and the other return must cover the period 1 July to 31 December; and

(c) both returns must be submitted within two *months* of the end of the calendar year.

16.13.8A G *Payment service providers* should use the return in *SUP* 16 Annex 27ED to comply with the *EBA*'s Guidelines on fraud reporting. *Payment service providers* should note that article 16(3) of Regulation (EU) 1093/2010 requires them to make every effort to comply with the *EBA*'s Guidelines. The return also includes fraud reporting for *registered account information service providers*, as required by regulation 109 of the *Payment Services Regulations*.

[**Note**: see https://eba.europa.eu/documents/10180/2281937/Guidelines+on+fraud+reporting+under+Article+96%286%29%20PSD2+%28EBA-GL-2018-05%29.pdf]

The form in SUP 16 Annex 27E is deleted in its entirety and replaced with the following new form. The text of the form is not underlined as new.

16 Annex 27ED REP017 Payments Fraud Report

This annex consists only of one of more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 27ED

REP017 Payments Fraud Report

		A
1	Please select the period that the data in this return covers	

Table 1 - Payment transactions and fraudulent payment transactions for payment services

Credit transfers

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
2	Total credit transfers *of which:*												
3	Initiated by payment initiation service providers												
4	Initiated non-electronically												
5	Initiated electronically *of which:*												
6	**Initiated via remote payment channel** *of which:*												
7	**Authenticated via strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
8	Issuance of a payment order by the fraudster												
9	Modification of a payment order by the fraudster												
10	Manipulation of the payer by the fraudster to issue a payment order												
11	**Authenticated via non-strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
12	Issuance of a payment order by the fraudster												
13	Modification of a payment order by the fraudster												
14	Manipulation of the payer by the fraudster to issue a payment order												
	of which broken down by reason for not applying strong customer authentication												
15	Low value												
16	Payment to self												
17	Trusted beneficiary												
18	Recurring transaction												
19	Use of secure corporate payment processes or protocols												

20	Transaction risk analysis												
21	**Initiated via non-remote payment channel** *of which:*												
22	**Authenticated via strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
23	Issuance of a payment order by the fraudster												
24	Modification of a payment order by the fraudster												
25	Manipulation of the payer by the fraudster to issue a payment order												
26	**Authenticated via non-strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
27	Issuance of a payment order by the fraudster												
28	Modification of a payment order by the fraudster												
29	Manipulation of the payer by the fraudster to issue a payment order												
	of which broken down by reason for not applying strong customer authentication												
30	Payment to self												
31	Trusted beneficiary												
32	Recurring transaction												
33	Contactless low value												
34	Unattended terminal for transport or parking fares												

Losses due to fraud per liability bearer:

		A Total losses
35	The reporting payment service provider	
36	The Payment service user (payer)	
37	Others	

Direct debits

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
38	Total direct debits *of which:*												
39	**Consent given via an electronic mandate** *of which fraudulent direct debits by fraud type:*												

40	Unauthorised payment transactions											
41	Manipulation of the payer by the fraudster to consent to a direct debit											
42	**Consent given in another form than an electronic mandate**											
	of which fraudulent direct debits by fraud type:											
43	Unauthorised payment transactions											
44	Manipulation of the payer by the fraudster to consent to a direct debit											

	Losses due to fraud per liability bearer:	**A** Total losses
45	The reporting payment service provider	
46	The Payment service user (payer)	
47	Others	

Card payments (except cards with an e-money function only)

		A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
48	Total card payments (except cards with an e-money function only)												
	of which:												
49	Initiated non-electronically												
50	Initiated electronically												
	of which:												
51	**Initiated via remote payment channel**												
	of which broken down by card function:												
52	Payments with cards with a debit function												
53	Payments with cards with a credit or delayed debit function												
	of which:												
54	**Authenticated via strong customer authentication**												
	of which fraudulent card payments by fraud types:												
55	Issuance of a payment order by a fraudster												
	of which:												
56	Lost or stolen card												
57	Card not received												
58	Counterfeit card												
59	Card details theft												
60	Other												
61	Modification of a payment order by the fraudster												

62	Manipulation of the payer to make a card payment												
63	**Authenticated via non-strong customer authentication**												
	of which fraudulent card payments by fraud types:												
64	Issuance of a payment order by a fraudster												
	of which:												
65	Lost or stolen card												
66	Card not received												
67	Counterfeit card												
68	Card details theft												
69	Other												
70	Modification of a payment order by the fraudster												
71	Manipulation of the payer to make a card payment												
	of which broken down by reason for not applying strong customer authentication												
72	Low value												
73	Trusted beneficiary												
74	Recurring transaction												
75	Use of secure corporate payment processes or protocols												
76	Transaction risk analysis												
77	**Initiated via non-remote payment channel**												
	of which broken down by card function:												
78	Payments with cards with a debit function												
79	Payments with cards with a credit or delayed debit function												
	of which:												
80	**Authenticated via strong customer authentication**												
	of which fraudulent card payments by fraud types:												
81	Issuance of a payment order by a fraudster												
	of which:												
82	Lost or stolen card												
83	Card not received												
84	Counterfeit card												
85	Other												
86	Modification of a payment order by the fraudster												
87	Manipulation of the payer to make a card payment												
88	**Authenticated via non-strong customer authentication**												
	of which fraudulent card payments by fraud types:												
89	Issuance of a payment order by a fraudster												
	of which:												

90	Lost or stolen card											
91	Card not received											
92	Counterfeit card											
93	Other											
94	Modification of a payment order by the fraudster											
95	Manipulation of the payer to make a card payment											
	of which broken down by reason for not applying strong customer authentication											
96	Trusted beneficiary											
97	Recurring transaction											
98	Contactless low value											
99	Unattended terminal for transport or parking fares											

Losses due to fraud per liability bearer:

		A Total losses
100	The reporting payment service provider	
101	The Payment service user (payer)	
102	Others	

Card payments acquired (except cards with an e-money function only)

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
103	Total card payments acquired (except cards with an e-money function only) *of which:*												
104	Initiated non-electronically												
105	Initiated electronically *of which:*												
106	**Acquired via a remote channel** *of which broken down by card function:*												
107	Payments with cards with a debit function												
108	Payments with cards with a credit or delayed debit function												
	of which:												
109	**Authenticated via strong customer authentication** *of which fraudulent card payments by fraud types:*												
110	Issuance of a payment order by a fraudster *of which:*												

111	Lost or stolen card												
112	Card not received												
113	Counterfeit card												
114	Card details theft												
115	Other												
116	Modification of a payment order by the fraudster												
117	Manipulation of the payer to make a card payment												
118	**Authenticated via non-strong customer authentication** *of which fraudulent card payments by fraud types:*												
119	Issuance of a payment order by a fraudster *of which:*												
120	Lost or stolen card												
121	Card not received												
122	Counterfeit card												
123	Card details theft												
124	Other												
125	Modification of a payment order by the fraudster												
126	Manipulation of the payer to make a card payment												
	of which broken down by reason for not applying strong customer authentication												
127	Low value												
128	Recurring transaction												
129	Transaction risk analysis												
130	**Acquired via a non-remote channel** *of which broken down by card function:*												
131	Payments with cards with a debit function												
132	Payments with cards with a credit or delayed debit function												
	of which:												
133	**Authenticated via strong customer authentication** *of which fraudulent card payments by fraud types:*												
134	Issuance of a payment order by a fraudster *of which:*												
135	Lost or stolen card												
136	Card not received												
137	Counterfeit card												
138	Other												

139	Modification of a payment order by the fraudster												
140	Manipulation of the payer to make a card payment												
141	**Authenticated via non-strong customer authentication** *of which fraudulent card payments by fraud types:*												
142	Issuance of a payment order by a fraudster *of which:*												
143	Lost or stolen card												
144	Card not received												
145	Counterfeit card												
146	Other												
147	Modification of a payment order by the fraudster												
148	Manipulation of the payer to make a card payment												
	of which broken down by reason for not applying strong customer authentication												
149	Recurring transaction												
150	Contactless low value												
151	Unattended terminal for transport or parking fares												

Losses due to fraud per liability bearer:

		A Total losses
152	The reporting payment service provider	
153	The Payment service user (payer)	
154	Others	

Cash withdrawals

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
155	Total cash withdrawals *of which broken down by card function:*												
156	Payments with cards with a debit function												
157	Payments with cards with a credit or delayed debit function												

of which fraudulent card payments by fraud types:

158	Issuance of a payment order (cash withdrawal) by the fraudster						
	of which:						
159	Lost or stolen card						
160	Card not received						
161	Counterfeit card						
162	Other						
163	Manipulation of the payer to make a cash withdrawal						

Losses due to fraud per liability bearer:

		A Total losses
164	The reporting payment service provider	
165	The Payment service user (account holder)	
166	Others	

E-money payment transactions

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
167	Total e-money payment transactions												
	of which:												
168	**Via remote payment initiation channel**												
	of which:												
169	**Authenticated via strong customer authentication**												
	of which fraudulent credit transfers by fraud types:												
170	Issuance of a payment order by the fraudster												
171	Modification of a payment order by the fraudster												
172	Manipulation of the payer by the fraudster to issue a payment order												
173	**Authenticated via non-strong customer authentication**												
	of which fraudulent credit transfers by fraud types:												
174	Issuance of a payment order by the fraudster												
175	Modification of a payment order by the fraudster												
176	Manipulation of the payer by the fraudster to issue a payment order												
	of which broken down by reason for not applying strong customer authentication												
177	Low value												
178	Trusted beneficiary												
179	Recurring transaction												

180	Payment to self												
181	Use of secure corporate payment processes or protocols												
182	Transaction risk analysis												
183	**Via non-remote payment initiation channel** *of which:*												
184	**Authenticated via strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
185	Issuance of a payment order by the fraudster												
186	Modification of a payment order by the fraudster												
187	Manipulation of the payer by the fraudster to issue a payment order												
188	**Authenticated via non-strong customer authentication** *of which fraudulent credit transfers by fraud types:*												
189	Issuance of a payment order by the fraudster												
190	Modification of a payment order by the fraudster												
191	Manipulation of the payer by the fraudster to issue a payment order												
	of which broken down by reason for not applying strong customer authentication												
192	Trusted beneficiary												
193	Recurring transaction												
194	Contactless low value												
195	Unattended terminal for transport or parking fares												

Losses due to fraud per liability bearer:

		A Total losses
196	The reporting payment service provider	
197	The Payment service user	
198	Others	

Money remittances

		A	B	C	D	E	F	G	H	I	J	K	L
		Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
		Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	
		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
199	Total money remittances												

Payment transactions initiated by payment initiation service providers

	A	B	C	D	E	F	G	H	I	J	K	L
	Geographical breakdown for payment transactions						Geographical breakdown for fraudulent payment transactions					
	Domestic		Cross-border within EEA		Cross-border outside EEA		Domestic		Cross-border within EEA		Cross-border outside EEA	

		By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value	By volume	By value
200	Total payment transactions initiated by payment initiation service providers *of which:*												
201	**Initiated via remote payment channel** *of which:*												
202	Authenticated via Strong Customer Authentication												
203	Authenticated via non-Strong Customer Authentication												
204	**Initiated via non-remote payment channel** *of which:*												
205	Authenticated via Strong Customer Authentication												
206	Authenticated via non-Strong Customer Authentication												
	of which broken down by payment instrument												
207	Credit transfers												
208	Other												

Table 2 - Fraud relating to account information services

		A	B	C
		Number of incidents of fraud	Total value of fraud across all incidents (or an estimation of the loss to the persons defrauded (£)	Please provide a brief description of how fraud was commonly committed - descriptions of up to three different fraud types, in order of those with the highest loss
209	In respect of account information services only, please indicate			

The guidance notes in SUP 16 Annex 27F are deleted in their entirety and replaced with the below new notes. The text is not underlined.

16 Annex 27FG Notes on completing REP017 Payments Fraud Report

These notes contain guidance for payment service providers that are required to complete the Payments Fraud Report in accordance with Regulation 109(4) of the Payment Services Regulations 2017, SUP 16.13.7D and the EBA Guidelines on fraud reporting under the Second Payment Services Directive (PSD2) ("the EBA Guidelines").

The following completion notes should be read in conjunction with the EBA Guidelines.

Question A1 – reporting period

As per SUP16.13.8, small payment institutions, registered account information service providers and small electronic money institutions must report once per year. All other PSPs must report every six months.

Those PSPs required to report annually are required to provide separate Payment Fraud Reports in respect of the two halves of the reporting year. These PSPs should use question 1 in the Payments Fraud Report to select the period the data in their return covers, e.g. "H1" for the period covering 1 January to 30 June, and "H2" for the period covering 1 July to 31 December.

Table 1 - Payment transactions and fraudulent payment transactions for payment services

The form provides the means for PSPs to provide the FCA with statistical data on fraud related to different means of payment. In turn, the FCA is required to aggregate this data and share it with the EBA and the ECB.

As outlined in Guideline 1 of the EBA Guidelines, PSPs will be required to collect and submit data on the volume and value of all payment transactions, as well as the volume and value of fraudulent transactions.

Data on volume and value need to be broken down further by payment type, fraud type, method of authentication and geographical location. The detailed breakdown of data to be reported generally pertains only to the volume and value of fraudulent transactions (as opposed to all payment transactions). The EBA Guidelines explain these in detail. The following completion notes should be read as complementary to the Guidelines.

Table 2 - Fraud relating to account information services

PSPs that provide account information services (AISPs) should have regard to Table 2 in the fraud report (and the guidance in table 2 below). Registered account information service providers (i.e. PSPs that do not provide any other type of payment service) do not need to answer the questions in Table 1 of the fraud report.

Adjustments

The date to be considered by PSPs for recording payment transactions and fraudulent payment transactions for the purpose of this statistical reporting is the day the transaction has been executed in accordance with PSD2.

However, payment service users are entitled to redress for unauthorised transactions as long as they have notified their PSP no later than 13 months after the debit date, on becoming aware of any unauthorised payment transactions. This means PSPs may need to adjust reports which they have already submitted, on becoming aware of fraudulent transactions executed in previous reporting periods.

Furthermore, the payment service provider should report all fraudulent payment transactions from the time fraud has been detected (i.e. because it has been reported to the PSP such as through a customer complaint or otherwise discovered independently by the PSP), regardless of whether or not the case related to the fraudulent payment transaction has been closed by the time the data are reported. This means PSPs may need to adjust reports which they have already submitted, should investigation of open fraud cases conclude that a transaction was not fraudulent.

PSPs should report adjustments during the next reporting window after the information necessitating the adjustment is discovered.

PSPs should make use of the resubmission facility made available via the electronic means for submitting REP017.

Table 1 - What is a fraudulent transaction?

For the purposes of table 1 a fraudulent transaction is any payment transaction that the PSP has:

- executed;
- acquired; or
- in the case of a payment initiation service provider (PISP), initiated;

and that the PSP deems to fall into either of the following categories:

- unauthorised payment transactions made, including as a result of the loss, theft or misappropriation of sensitive payment data or a payment instrument, whether detectable or not to the payer prior to a payment and whether or not caused by gross negligence of the payer or executed in the absence of consent by the payer ('unauthorised payment transactions'); and

- payment transactions made as a result of the payer being manipulated by the fraudster to issue a payment order, or to give the instruction to do so to the payment service provider, in good-faith, to a payment account it believes belongs to a legitimate payee ('manipulation of the payer').

If a payment transaction meets the conditions above it should be recorded as a fraudulent transaction for the purposes of this report irrespective of whether:

- the PSP had primary liability to the user; or
- the fraudulent transaction would be reported as such by another PSP in the same payment chain.

As a general rule, for all types of payment services, the payer's PSP has to report, except for direct debit transactions, which are reported by the payee's PSP. In addition, card payments are reported both by the payer's PSP (the issuer) and the payee's PSP (the acquirer).

Fraud committed by the payment service user (known as first party fraud) should not be reported.

The payment service provider should not report data on payment transactions that, however linked to any of the circumstances referred to in the definition of fraudulent transaction (EBA Guideline 1.1), have not been executed and have not resulted in a transfer of funds in accordance with PSD2 provisions.

The category of 'payment transactions made as a result of the payer being manipulated by the fraudster to issue a payment order' covers a broader range of payment types than what is known in the UK as 'authorised push payment fraud'. The latter is restricted to credit transfers authorised by the payer to a fraudster.

Table 1 - structure of the return

In summary, REP017 requires the PSP to report the following fraud types, divided into sections for different payment and e-money services:

for credit transfers (including those initiated by PISP):

- issuance of a payment order by the fraudster;
- modification of a payment order by the fraudster;
- manipulation of the payer by the fraudster to issue a payment order;

for direct debits where consent is given via an electronic mandate or separately where consent is given in another form:

- unauthorised payment transactions;
- manipulation of the payer by the fraudster to consent to a direct debit;

debit card transactions and separately for credit card transactions:

- issuance of a payment order by a fraudster, broken down into:
    - lost or stolen card;
    - card not received;
    - counterfeit card;
    - card details theft;
    - other;
- modification of a payment order by the fraudster;
- manipulation of the payer to make a card payment;

cash withdrawals:

- issuance of a payment order by the fraudster refers to the following types of unauthorised card payment transactions, broken down into:
    - lost or stolen card;
    - card not received;
    - counterfeit card;
    - other; and
- manipulation of the payer to make a cash withdrawal.

for e-money transactions – to be reported by e-money issuers:

- issuance of a payment order by the fraudster;
- modification of a payment order by the fraudster;
- manipulation of the payer by the fraudster to issue a payment order;

for money remittance:

- fraudulent payment transactions.

Table 1 - fraud types

Below we provide guidance on the fraud types referred to in REP017. We give examples of these fraud types in relation to each payment or e-money service. PSPs should use their discretion when determining the appropriate fraud type for each fraudulent transaction and should choose the fraud type that most closely matches the circumstances of the fraud.

Credit transfers

Issuance of a payment order by the fraudster

This covers unauthorised payment transactions in which the fraudster uses stolen personalised security credentials in order to issue a payment order, either through contacting the victim's bank or accessing the victim's online banking service. For example, where a victim's online banking has been accessed using stolen personal identity details and credit transfers have been made from the victim's account to beneficiaries chosen by the fraudster.

Modification of a payment order by the fraudster

This covers unauthorised payment transactions where the fraudster has gained unauthorised access to the victim's account in order to change the details of existing payment orders or payment instructions. For example, where a victim's account has been accessed using stolen personalised security credentials in order to modify the beneficiary of the victim's existing standing orders. A victim's account could be accessed by a fraudster in order to modify a batch of payment details so that when payments are executed by the victim's PSP, the funds are unintentionally transferred to a beneficiary or beneficiaries chosen by the fraudster rather than the intended beneficiary. (See CIFAS paper, Table 2 Unlawful obtaining or disclosure of personal data: https://www2.cipd.co.uk/NR/rdonlyres/710B0AB0-ED44-4BD7-A527-B9AC29B28343/0/empfraud.pdf)

Manipulation of the payer by the fraudster to issue a payment order

This covers fraud where the payer authorises a push payment to an account the payer believes belongs to a legitimate payee, however, the payer was deceived into inputting the sort code and account number (or other unique identifier) of a fraudster, or an account controlled by a fraudster. This is also referred to as 'malicious misdirection'. For example, a scammer may contact a victim purporting to be from the victim's bank. The scammer may then convince the victim to transfer money (using a credit transfer) to a different account, purportedly in order to safeguard it. However, that account is in fact controlled by the scammer. (See Payment Systems Regulator response to Which? Super-complaint: https://www.psr.org.uk/psr-publications/news-announcements/which-super-complaint-our-response-Dec-2016).

Direct debits

Unauthorised payment transactions

This covers fraud where a victim's account details (e.g. sort code and account number) have been used by the fraudster to set up direct debit payments to an organisation, without the victim's knowledge or consent, resulting in unauthorised direct debit payments being taken from the account of the victim.

Manipulation of the payer by the fraudster to consent to a direct debit

This covers fraud where a payer is convinced by a fraudster to set up a direct debit and consent to payments being made to an intended payee (the legitimate payee), but the fraudster uses the victim's details and consent to set up direct debit payments to a different (unintended) payee.

Debit and credit cards:

Issuance of a payment order by a fraudster

Refers to the following types of unauthorised card payment transactions:

Lost or stolen card fraud

This covers any payment fraud committed as a result of a lost or stolen card (except where 'card not received fraud' has occurred). (See FFAUK Fraud Facts 2016 https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud_the_facts.pdf)

Card not received fraud

This covers fraud where a payment card is stolen (with or without the details of the PIN also being intercepted) whilst in transit – after the card company sends it out and before the genuine cardholder receives it. The payment card is then used by the fraudster to make transactions. (See FFAUK Fraud Facts 2016 https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud_the_facts.pdf)

Counterfeit card fraud

This covers fraud where the fraudster uses a card which has been printed, embossed or encoded so as to purport to be a legitimate card but which is not genuine because the issuer did not authorise the printing, embossing or encoding. (See https://www.financialfraudaction.org.uk/wp-content/uploads/2016/07/Fraud-the-Facts-A5-final.pdf)

Card details theft

This covers fraud where card details have been fraudulently obtained through methods such as unsolicited emails or telephone calls, digital attacks such as malware and data hacks, or card details being taken down from the physical card by a fraudster. The card details are then used to undertake fraudulent purchases over the internet, by phone or by mail order. It is also known as 'card-not-present' (CNP) fraud. (See https://www.financialfraudaction.org.uk/fraudfacts16/)

Other

Unauthorised transactions relating to other types of fraud should be recorded under 'other'.

Modification of a payment order by the fraudster (debit and credit card payments)

This is a type of unauthorised transaction and refers to a situation where the fraudster intercepts and modifies a legitimate payment order at some point during the electronic communication between the payer's device (e.g. payment card) and the payment service provider (for instance through malware or attacks allowing attackers to eavesdrop on the communication between two legitimately communicating hosts (man-in-the middle attacks))

or modifies the payment instruction in the payment service provider's system before the payment order is cleared and settled.

Manipulation of the payer to make a card payment

This would cover card payments that have been authorised by the payer, i.e. using chip and pin, or authenticated online card payments. The customer believes they are paying a legitimate payee, i.e. a merchant, but the payee that receives the funds is not a merchant, but instead a fraudster.

Cash withdrawals

Issuance of a payment order by the fraudster

This refers to the following types of unauthorised cash withdrawals at ATMs, bank counters and through retailers ('cash back') using a card (or using a mobile app in place of a card):

- those resulting from a lost or stolen payment card;
- those resulting from a payment card being stolen (with or without the details of the PIN also being intercepted) whilst in transit – after the card company sends it out and before the genuine cardholder receives it; and
- those where the fraudster uses a card to withdraw money which has been printed, embossed or encoded so as to purport to be a legitimate card but which is not genuine because the issuer did not authorise the printing, embossing or encoding.

Manipulation of the payer to make a cash withdrawal

This refers to reported frauds where a payment service user has withdrawn under duress or through manipulation (using a card, or using a mobile app in place of a card).

E-money transactions

The same fraud types as above for debit and credit cards apply to payment transactions involving e-money.

Money remittance and payment initiation services

Fraudulent transactions

Money remitters and PISPs are required under the EBA Guidelines to report 'fraudulent transactions'. Money remitters and PISPs should use their discretion when determining what to count as a 'fraudulent transaction'. Where money remitters or PISPs detect the frauds described above, these should be counted as 'fraudulent transactions'.

Authentication method

For all credit transfers, card transactions and e-money transactions reported, including those initiated by PISP, the PSP should report whether strong customer authentication has been used or not. Strong customer authentication means authentication based on the use of two or more elements that are independent, in that the breach of one element does not compromise the reliability of any other element, and designed in such a way as to protect the

confidentiality of the authentication data, with the elements falling into two or more of the following categories—

- something known only by the payment service user ("knowledge");
- something held only by the payment service user ("possession"); or
- something inherent to the payment service user ("inherence").

Where strong customer authentication is not used, the PSP should report under which of the following exemptions the transactions have taken place. These exemptions and their application are determined in the regulatory technical standards for strong customer authentication and common and secure open standards of communication (SCA-RTS). As noted in the FCA Approach Document, "The exemptions are separate and independent from one another. Where a payment transaction may qualify for an exemption under several different categories (e.g. a low-value transaction at an unattended card park terminal) the PSP may choose which, if any, relevant exemption to apply. PSPs should note that for the purpose of reporting fraud under regulation 109 of the PSRs 2017 and the EBA Guidelines on fraud reporting, fraudulent transactions should be assigned to a specific exemption and reported under one exemption only." (paragraph 20.39).

For the purposes of reporting, the applicable exclusions are:

- unattended terminal for transport or parking fares (article 12 SCA-RTS);
- trusted beneficiary (article 13 SCA-RTS);
- recurring transaction (article 14 SCA-RTS);
- low value (article 16 SCA-RTS);
- use of secure corporate payment processes or protocols (article 17 SCA-RTS);
- transaction Rik Analysis (article 18 SCA-RTS);

Data elements

Table 1 – Payment transactions and fraudulent payment transactions for payment services *Value should be reported in pounds sterling throughout (£)*	
Totals: Transaction and fraudulent transaction volume and value for all payment types	
Guide to the relevant area of the form	PSPs should report the following information in respect of the payment type – e.g. credit transfers, direct debits etc:
2A-2L 38A–38L 48A–48L 103A–103L 155A–155L 167A–167L 199A–199L 200A–200L	• total domestic transaction volume (i.e. the number of transactions) for payment type – Column A; • total domestic transaction value for payment type Column B; • total transaction volume for payments made cross-border within the EEA – Column C; • total transaction value for payments made cross-border within the EEA – Column D;

	• total transaction volume for payments made cross-border outside the EEA – Column E; • total transaction value for payments made cross-border outside the EEA – Column F; • total domestic fraudulent transaction volume (i.e. the number of transactions) for payment type – Column G; • total domestic fraudulent transaction value for payment type Column H; • total fraudulent transaction volume for payments made cross-border within the EEA – Column I; • total fraudulent transaction value for payments made cross-border within the EEA – Column J; • total fraudulent transaction volume for payments made cross-border outside the EEA – Column K; and • total fraudulent transaction value for payments made cross-border outside the EEA – Column L.

The above reporting pattern for columns A-L is repeated for all subsequent rows, except the following rows where only columns G to L are to be reported for the fraudulent transaction volume and value relating to the fraud type:

Credit transfers
8-10
12-14
23-25
27-29

Direct debits
40-41
43-44

Card payment (except cards with an e-money function only)
55-62
64-71
81-87
89-95

Card payment acquired (except cards with an e-money function only)
110-117
119-126
134-140
142-148

Cash withdrawals
158-163

E-money payment transactions 170-172 174-176 185-187 189-191	
Initiated by payment initiation service providers	
3A-3L	Of the total transaction and total fraudulent transaction volumes and values for **credit transfers**, PSPs should report the volume and value of those initiated by payment initiation service providers.
Payment initiation channel – initiated non-electronically	
4A–4L (credit transfers) 49A–49L (card payments) 104A-104L (card payments acquired)	Of the total transaction and total fraudulent transaction volumes and values for **credit transfers** and **card payments only**, PSPs should report the volume and value of those initiated non-electronically. Transactions initiated non-electronically include payment transactions initiated and executed with modalities other than the use of electronic platforms or devices. This includes paper-based payment transactions, mail orders or telephone orders (Recital 95 of the revised Payment Services Directive).
Payment initiation channel – initiated electronically	
5A–5L (credit transfers) 50A–50L (card payments) 105A–105L (card payment acquired)	Of the total transaction and total fraudulent transaction volumes and values for **credit transfers** and **card payments only**, PSPs should report the volume and value of those initiated electronically.
Remote transactions	
6A-6L (credit transfers) 51A–51L (card payments) 106A–106L (card payments acquired) 168A–168L (e-money payment transactions)	Of the total transaction and total fraudulent transaction volumes and values for **credit transfers**, **card payments** and **E-money payment transactions only** PSPs should report the volume and value of those that are remote transactions. A ‘remote transaction’ means a payment transaction initiated via the internet or through a device that can be used for distance communication (revised Payment Services Directive article 4(1)(6)).
Non-remote transactions	
21A–21L (credit transfers) 77A–77L (card payments)	Of the total transaction and total fraudulent transaction volumes and values for **credit transfers**, **card payments** and

130A–130L (card payments acquired) 183A–183L (e-money payment transactions)	**E-money payment transactions only** PSPs should report the volume and value of those that are non-remote transactions. Non-remote means any payment transactions that are not initiated via the internet or through a device that can be used for distance communication.
Credit and debit card transactions	
Card payments 52A–52L (remote > debit) 53A–53L (remote > credit) 78A–78L (non-remote > debit) 79A-79L (non-remote > credit) **Card payments acquired** 107A–107L (remote > debit) 108A–108L (remote > credit) 131A–131L (non-remote > debit) 132A–132L (non-remote > credit)	For the total remote and total non-remote card transactions, PSPs should report the volumes and values that were credit card (including charge card) transactions and the volumes and values that were debit card transactions.
Strong customer authentication	
Credit transfers 7A–7L (remote > SCA) 11A–11L (remote > non-SCA) 22A–22L (non-remote > SCA) 26A–26L (non-remote > non-SCA) **Card payments** 54A–54L (remote > SCA) 63A–63L (remote > non-SCA) 80A–80L (non-remote > SCA) 88A–88L (non-remote > non-SCA) **Card payments acquired** 109A–109L (remote > SCA) 118A–118L (remote > non-SCA 133A–133L (non-remote > SCA) 141A–141L (non-remote > non-SCA) **E-money payment transactions** 169A–169L (remote > SCA) 173A–173L (remote > non-SCA) 184A–184L (non-remote > SCA)	For total remote and total non-remote credit transfers, card transactions, e-money payment transactions and payment transactions initiated by payment initiation service providers, PSPs should report the volumes and values of sent and fraudulent transactions authenticated via strong customer authentication and via non-strong customer authentication

188A–188L (non-remote > non-SCA) **Payment transactions initiated by payment initiation service providers** 202A–202L (remote > SCA) 203A–203L (remote > non-SCA) 205A–205L (non-remote > SCA) 206A–206L (non-remote > non-SCA)	
Payment transactions initiated by payment initiation service providers	
207A–208L	Payment initiation providers reporting total transactions and total fraudulent transactions initiated, should report the value and volume of transactions that were credit transfers and the volume and value of other types of transactions that were using other payment instruments.
Fraud types	
Credit transfers 8–10 12–14 23–25 27–29 **Direct debits** 40–41 43–44 **Card payment (except cards with an e-money function only)** 55–62 64–71 81–87 89–95 **Card payment acquired (except cards with an e-money function only)** 110–117 119–126 134–140 142–148 **Cash withdrawals** 158–163 **E-money payment transactions**	For remote transactions that were authenticated via strong customer authentication and non-strong customer authentication, PSPs should record the fraudulent transactions under the relevant fraud type (see guidance above). The same should be done for non-remote transactions.

170–172 174–176 185–187 189–191	
Fraudulent transactions broken down by exemption from SCA	
Credit transfers 15A–20L 30A–34L **Card payments** 72A–76L 96A–99L **Card payments acquired** 127A–129L 149A–151L **E-money payment transactions** 177A–182L 192A–195L	Of the transactions authenticated without strong customer authentication, PSPs should provide the fraudulent transaction volumes and values, broken down by which exemption was used as per guidance above.
Losses due to fraud per liability bearer	
35A, 36A, 37A, 45A, 46A, 47A, 100A, 101A,102A, 152A, 153A, 154A	PSPs are required to report the general value of losses borne by them and by the relevant payment service user, not net fraud figures. The figure that should be reported as 'losses borne' is understood as the residual loss that is finally registered in the PSP's books after any recovery of funds has taken place. The final fraud losses should be reported in the period when they are recorded in the payment service provider's books. We expect one single figure for any given period, unrelated to the payment transactions reported during that period. Since refunds by insurance agencies are not related to fraud prevention for the purposes of PSD2, the final fraud loss figures should not take into account such refunds.

Table 2 - Fraud relating to account information services		
Number of incidents of fraud		
209A	Please indicate the number of incidents of fraud	This should be the total number of incidents of fraud that the AISP has recorded. If there are no incidents of fraud, please enter '0' (there is no need to complete the rest of Table 2).
Total value of fraud across all incidents (or an estimation of the loss to the persons defrauded (£))		

209B	Total value of fraud	Where known, the AISP should report the value of any fraudulent transactions that were executed or initiated (by a third party PSP) as a result of the fraud committed against the AIS user or the AISP. In all other circumstances, the AISP should provide an estimation of the loss to the persons defrauded. In this Context, 'persons' includes the user of the AIS service, any other PSP (such as a credit institution that operated the payment account that the AISP accessed) or the AISP itself. 'Loss' includes loss of funds incurred as a result of fraudulent transactions and/or loss incurred as an indirect result of the fraud; for example, by having to reissue new payment instruments or fix breached security systems. If the fraudulent incident(s) did not result in any financial loss, the AISP should still report the incident, enter '0' at 214B and explain the type of fraud at 214C. AISPs should convert values for non-sterling transactions into sterling using the average ECB reference exchange rate for the applicable reporting period, where available. In other instances, AISPs should use the average of the applicable daily spot rate on the Bank of England's Statistical Interactive Database for the applicable reporting period.
Description of fraud		
209C	Description of fraud	AISPs should describe the type of fraud that has resulted in the highest total value of fraud in this section (unless the AISP is reporting fraudulent incidents that did not result in any financial losses, as above). AISPs should also explain how the losses were incurred (on the basis that the AISP did not come into possession of the payment transaction funds and was not responsible for the execution of payment transactions).

Amend the following as shown.

TP 1 Transitional provisions

…

TP 1.2

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
…					
13B	…				
13C	*SUP* 16.13.7D	D	Statistical data on fraud covering the period beginning on 13 January 2018 and ending on 31 December 2018 must be submitted using the format of the return that would have been required to be submitted had *SUP* 16 Annex 27ED remained in the form in which it stood on 31 December 2018 and had *SUP* 16 not been amended by the Payment Services (Amendment) Instrument 2018. *SUP* 16 Annex 27ED, as it stood on 31 December 2018, and guidance notes for completion of this return can be accessed by using the timeline on the *FCA Handbook* website.	1 to 31 January 2019	1 January 2019
13D	*SUP* 16.13.8D	D	The return covering the period beginning on 13 January 2018 and ending on 31 December 2018 must be submitted by 31 January 2019.	1 to 31 January 2019	1 January 2019

13E	*SUP* 16.13.7D	D	In respect of the reporting period 1 January 2019 to 30 June 2019, the statistical data on fraud must be provided on a best endeavours basis. *Payment service providers* must provide at least the transaction and fraud totals that would have required to be collected had *SUP* 16 Annex 27ED remained in the form in which it stood on 31 December 2018 and had *SUP* 16 not been amended by the Payment Services (Amendment) Instrument 2018. *SUP* 16 Annex 27ED, as it stood on 31 December 2018, can be accessed by using the timeline on the *FCA Handbook* website.	1 January 2019 to 29 February 2020	1 January 2019
13F	*SUP* 16.13.7D	D	*Small payment institutions* may provide the statistical data on fraud in respect of 1 January 2019 to 30 June 2019 on a best endeavours basis. They must submit the data in respect of 1 July 2019 to 31 December 2019 in compliance with *SUP* 16.13.7D.	1 January 2019 to 29 February 2020	1 January 2019

Part 3: Comes into force on 14 September 2019

15 Notifications to the FCA

…

15.14 Notifications under the Payment Services Regulations

…

Notification that a fraud rate has been exceeded (article 20 of the SCA RTS)

15.14.29 G Article 18 of the *SCA RTS* permits *payment service providers* not to apply strong customer authentication where the *payer* initiates a remote electronic payment transaction identified by the *payment service provider* as posing a low level of risk according to the transaction monitoring mechanism referred to in article 2 and article 18 of the *SCA RTS*.

15.14.30 G Article 19 of the *SCA RTS* requires *payment service providers* to ensure that the overall fraud rates per quarter for transactions executed under the article 18 exemption are equivalent to or lower than the reference fraud rates indicated in the Annex to the *SCA RTS*. Article 19 defines a quarter as 90 *days*.

15.14.31 G Where a fraud rate calculated in compliance with article 19 of the *SCA RTS* exceeds the applicable reference fraud rate, article 20(1) of the *SCA RTS* requires *payment service providers* to immediately report to the *FCA*, providing a description of the measures that they intend to adopt to restore compliance with the reference fraud rates.

15.14.32 G *Payment service providers* should report in respect of each quarter in which a fraud rate exceeds the applicable reference rate.

15.14.33 G Where a fraud rate exceeds the applicable reference rate for two consecutive quarters, the *payment service provider* is required by article 20(2) of the *SCA RTS* to immediately cease to make use of the article 18 exemption. The report for the second quarter should confirm that the *payment service provider* has ceased to make use of the article 18 exemption.

15.14.34 D *Payment service providers* required by article 20(1) of the *SCA RTS* to report to the *FCA* must do so:

(1) in the form specified in *SUP* 15 Annex 12D;

(2) by electronic means made available by the *FCA*; and

(3) immediately after the monitored fraud rate exceeds the applicable reference fraud rate.

15.14.35 D A *payment service provider* that has previously ceased to make use of the article 18 exemption in accordance with article 20(2) of the *SCA RTS* must notify the *FCA* in accordance with article 20(4) of the *SCA RTS* before again making use of the article 18 exemption:

(1) in the form specified in *SUP* 15 Annex 12D;

(2) by electronic means made available by the *FCA*; and

(3) in a reasonable timeframe and before making use again of the article 18 exemption.

15.14.36 G A *payment service provider* notifying the *FCA* before again making use of the article 18 exemption must provide evidence of the restoration of compliance of their monitored fraud rate with the applicable reference fraud rate for that exemption threshold range for one quarter, under article 20(4) of the *SCA RTS*.

15.14.37 G Notifying the *FCA* one *month* before making use again of the article 18 exemption would be a reasonable timeframe within the meaning of *SUP* 15.14.35D(3).

Notifying problems with a dedicated interface (article 33(3) of the SCA RTS)

15.14.38 D *Account information service providers*, *payment initiation service providers*, *payment service providers* issuing card-based *payment instruments*, and *account servicing payment service providers* must report problems with dedicated interfaces as required by article 33(3) of the *SCA RTS* to the *FCA*:

(a) without undue delay;

(b) using the form set out in *SUP* 16 Annex 13R; and

(c) by electronic means made available by the *FCA*.

15.14.39 G The following problems with dedicated interfaces should be reported:

(a) the interface does not perform in compliance with article 32 of the *SCA RTS*; or

(b) there is unplanned unavailability of the interface or a systems breakdown.

Unplanned unavailability or a systems breakdown may be presumed to have arisen when five consecutive requests for access to information for the provision of payment initiation services or account information services are not replied to within 30 seconds.

After SUP 15 Annex 11D insert the following new Annexes. The text is not underlined.

15 Annex 12D Form NOT004 Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20

NOT004 - Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20

	Name of service provider	
	FRN	
	Details of the person the FCA should contact in relation to this notification: Title First names Surname Position Phone number Email address	
Q1	Is this a notification that one or more monitored fraud rates for remote electronic card-based payments or remote electronic credit transfers exceeds the applicable reference fraud rate?	[ ] Yes Continue to question 2 [ ] No If this is a notification that you intend to make use again of the transaction risk analysis exemption, go to question 8
Q2	If this notification is not the first, please provide the reference number received when the original notification was submitted	
	Notification that the reference fraud rate is exceeded	

Q3	Please confirm that the fraud rates were calculated in accordance with SCA-RTS article 19	[ ] Yes [ ] No		
Q4	Please provide the PSP's fraud rate(s), where they exceed the applicable reference fraud rate		Remote electronic card-based payments	Remote electronic credit transfers
		EUR 500		
		EUR 250		
		EUR 100		
Q5	For how many consecutive quarters has the fraud rate exceeded the applicable reference rate (if more than 1 quarter, please continue to question 6; otherwise, go to question 7)?		Remote electronic card-based payments	Remote electronic credit transfers
		EUR 500		
		EUR 250		
		EUR 100		
Q6	Please provide the date on which the PSP ceased to apply the transactional risk analysis exemption for the type(s) of transaction which exceeded the applicable reference fraud rate (DD/MM/YYYY)		Remote electronic card-based payments	Remote electronic credit transfers
		EUR 500		
		EUR 250		
		EUR 100		
Q7	Please provide a description of the measures that the PSP intends to adopt to restore compliance of their monitored fraud rate(s) with the applicable reference fraud rate(s)	max 500 words		

	Notification that you intend to make use again of the transaction risk analysis exemption			
Q8	Please provide the PSP's fraud rate(s) from the last quarter that have been restored to compliance with the applicable reference fraud rate.		Remote electronic card-based payments	Remote electronic credit transfers
		EUR 500		
		EUR 250		
		EUR 100		
Q9	Please confirm that you have provided, alongside this notification, the underlying data and the calculation methodology used in relation to the fraud rate(s) that have been restored to compliance with the applicable reference fraud rate.	[ ] Yes [ ] No		
Q10	When do you intend to start making use again of the transaction risk analysis exemption?	(DD/MM/YYYY)		

15 Annex 13D Form NOT005 Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)

NOT005 - Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)

	Name of service provider	
	FRN	

	Details of the person the FCA should contact in relation to this notification: Title First names Surname Position Phone number Email address	
Q1	In what capacity is the firm notifying?	[ ] ASPSP [ ] PISP [ ] AISP [ ] CBPII
	Details of the problem with the dedicated interface	
Q2	Is this a notification that the dedicated interface does not comply with SCA-RTS article 32?	Yes [ ] Continue to question 3 No [ ] If this is a notification of unplanned unavailability or a systems breakdown, go to question 4
Q3	In what way is the dedicated interface failing to comply with article 32? (select the option which best describes the problem)	[ ] The uptime of the dedicated interface, as measured by the key performance indicators described in Guidelines 2.2 and 2.4 of the EBA Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the SCA-RTS, falls below the uptime of the interface used by the ASPSP's payment service users. [ ] There isn't the same level of support offered to AISPs and PISPs using the ASPSP's dedicated interface, in comparison to the customer interface. [ ] The dedicated interface poses obstacles to the provision of payment initiation and account information services (see SCA-RTS article 32(3) and the EBA Guidelines and Opinion). [ ] Other failure to comply with article 32.
Q4	[Only complete if the answer to question 2 was no]	[ ] Unavailability after five consecutive requests of information on the initiation of the payment transaction and all information accessible to the account servicing payment service provider regarding the execution of the payment transaction.

	What is the problem in relation to unplanned unavailability or a systems breakdown? (select the option which best describes the problem)	[ ] Unavailability after five consecutive requests of information from designated payment accounts and associated payment transactions made available to the payment service user when directly requesting access to the account information excluding sensitive payments data. [ ] Failure to provide to the card based payment instrument issuer (CBPII) or to the PISP a 'yes/no' confirmation in accordance with article 65(3) of PSD2 and article 36(1)(c) of the RTS. [ ] Other unplanned unavailability or systems breakdown.
Q5	Please give a brief description of the failure to comply with article 32 or the unplanned unavailability or systems breakdown. If an ASPSP, please provide the reason(s) for the problem and steps taken to resolve the issue.	Max 500 words
Q6	Time and date when the problem began	
	Has the problem been resolved at the time of submitting this notification?	Yes/ No

Amend the following as shown.

16 Reporting requirements

…

16.13 Reporting under the Payment Services Regulations

…

16.13.18 G Article 17 of the *SCA RTS* permits *payment service providers* not to apply strong customer authentication in respect of legal persons initiating electronic *payment transactions* through the use of dedicated payment processes or protocols that are only made available to *payers* who are not consumers, where the *FCA* is satisfied that those processes and protocols guarantee at least equivalent levels of security to those provided for by the *Payment Services Directive*.

16.13.19 D *Payment service providers* intending to make use of the exemption in article 17 of the *SCA RTS* must include in the operational and security risk assessment submitted in accordance with *SUP* 16.13.13D:

(1) a description of the *payment services* that the *payment service provider* intends to provide in reliance on this exemption; and

(2) an explanation of how the *payment service provider*'s processes and protocols achieve at least equivalent levels of security to those provided for by the *Payment Services Directive*.

16.13.20 D *Payment service providers* should comply with *SUP* 16.13.19D at least three *months* before making use of the exemption in article 17 of the *SCA RTS*, and subsequently each time they prepare and submit the operational and security risk assessment required by regulation 98(2) of the *Payment Services Regulations* in respect of a period in which they have made use of the article 17 exemption.

16.13.21 G *Payment service providers* that follow the guidance in paragraphs 20.55 to 20.60 of the *FCA*'s Approach Document and comply with *SUP* 16.13.19D and 16.13.20D may make use of the article 17 exemption on the basis that the *FCA* is satisfied with the levels of security of their processes and protocols, unless informed otherwise by the *FCA*.

[**Note:** see https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf.]

Reporting statistics on the availability and performance of a dedicated interface

16.13.22 G Article 32(4) of the *SCA RTS* requires *account servicing payment service providers* that opt to provide a dedicated interface under article 31 of the *SCA RTS* to monitor the availability and performance of that interface. They must also publish on their website quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its *payment services users*.

16.13.23 D *Account servicing payment service providers* shall submit to the *FCA* the quarterly statistics on the availability and performance of a dedicated interface that they are required by article 32(4) of the *SCA RTS* to publish on their website:

(1) within 1 month of the quarter to which the statistics relate;

(2) using the form set out in *SUP* 16 Annex 46AD; and

(3) by electronic means made available by the *FCA*.

16.13.24 G The quarterly statistics should cover the periods January to March, April to June, July to September and October to December.

An *account servicing payment service provider* becoming subject to the obligation in *SUP* 16.13.23D part way through a quarter should submit the first statistics only in relation to the part of the quarter when this obligation applied.

Guidance notes for completing the form set out in *SUP* 16 Annex 46AD are in *SUP* 16 Annex 46BG.

…

16 Annex REP018 Operational and Security risk reporting form 27G

REP018 Operational and Security Risk	**A**
1 Are you submitting an operational and security risk report this quarter? If you answer 'No', Questions 2 to 9 do not need to be completed	
2 Date Assessment of the operational and security risks was performed	
3 Date Assessment of the adequacy of the mitigation measures and control mechanisms to mitigate Operational and Security risks was performed	
4 Were any deficiencies identified in the assessment of adequacy of mitigation measures?	
5 Summarise the deficiencies identified in question 4 (up to 400 characters - full details should be included in the attached report)	
6 Date of last audit of security measures	
7 Summary of issues identified in last audit of security measures (up to 400 characters - full details should be included in the attached report)	
8 Summary of action taken to mitigate any issues identified in question 7 (up to 400 characters - full details should be included in the attached report)	

9 Number of security related customer complaints to senior management during the reporting period.	
10 Are you applying the 'corporate payment exemption' under Article 17 of Commission Delegated Regulation (EU) 2018/389?	Y/N

16 Annex Notes on completing REP018 Operational and Security Risk form 27H

These notes contain *guidance* for *payment service providers* that are required to complete the operational and security risk form in accordance with regulation 98(2) of the *Payment Services Regulations* and *SUP* 16.13.13D. The *guidance* relates to the assessments that must be attached to the form in accordance with *SUP* 16.13.13D(2).

The *payment service provider* must attach to the form the latest:

- assessment of the operational and security risks related to the *payment services* the *firm* provides; and
- assessment of the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

The operational and security risk assessment should include all the requirements contained in the *EBA* Guidelines for operational and security risks of payment services as issued at 12 December 2017. These include:

- a list of business functions, processes and information assets supporting payment services provided and classified by their criticality;
- a risk assessment of functions, processes and assets against all known threats and vulnerabilities;
- a description of security measures to mitigate security and operational risks identified as a result of the above assessment; and
- conclusions of the results of the risk assessment and summary of actions required as a result of this assessment.

Payment service providers intending to make use of the exemption in article 17 of the *SCA RTS* must include:

- a description of the *payment services* that the *payment service provider* intends to provide in reliance on this exemption; and
- an explanation of how the *payment service provider*'s processes and protocols achieve at least equivalent levels of security to those provided for by the *Payment Services Directive*.

The assessment of the adequacy of mitigation measures and control mechanisms should include all the requirements contained in the *EBA* Guidelines for operational and security risks of payment services as issued at 12 December 2017. These include:

- a summary description of methodology used to assess effectiveness and adequacy of mitigation measures and control mechanisms;
- an assessment of the adequacy and effectiveness of mitigation measures and control mechanisms; and
- conclusions on any deficiencies identified as a result of the assessment and proposed corrective actions.

[**Note:** see https://www.eba.europa.eu/regulation-and-policy/payment-services-and-electronic-money/guidelines-on-security-measures-for-operational-and-security-risks-under-the-psd2]

After SUP 16 Annex 45BG (Guidance notes for completion of the Annual Claims Management Report form) insert the following new Annexes. The text is not underlined.

16 Annex 46AD	**REP020 Statistics on the availability and performance of a dedicated interface**

REP020 Quarterly statistics on availability and performance of dedicated interfaces

		A
1	Do you wish to make a nil return?	

2 **Daily statistics**

This section must be completed for each payment service user interface and dedicated interface for which the firm has published the daily statistics on its website.

	A
Interface Name/Id	

	Availability statistics		Performance statistics				
			Payment services user interface	Dedicated interface			
	B						
	Interface type						
	C						
	Has exemption been granted for dedicated interface?						
Day	Uptime (%)	Downtime (%)	Response (millisecs)	PISP response (millisecs)	AISP response (millisecs)	CBPII response (millisecs)	Error response rate (%)
	D	E	F	G	H	I	J
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16 Annex 46BG Notes on completing REP020 Statistics on the availability and performance of a dedicated interface

These notes contain guidance for quarterly reporting by Account Servicing Payment Service Providers (ASPSPs) with payment accounts accessible online that are required to publish on their website quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its payment service users under article 32(4) *EBA* Regulator Technical Standards on Strong Customer Authentication and Common and Secure Communication ("the *SCA-RTS*").

The following completion notes should be read in conjunction with *EBA* Guidelines on the conditions to benefit from an exemption from the contingency mechanism under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC) ("the EBA Guidelines").

The form provides the means for ASPSPs to provide the *FCA* with quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its *payment service users*.

'Account Servicing Payment Services Providers' has the same definition as at Regulation 2(1) Payment Services Regulations 2017.

All ASPSPs with payment accounts accessible online and providing access to account information service providers (AISPs), payment initiation service providers (PISPs), or card based payment instrument issuers (CBPIIs), via a 'dedicated interface' are required to provide data.

ASPSPs with payment accounts accessible online and providing access to AISPs, PISPs, or CBPIIs via means other than the dedicated interface are not required to report daily statistics on the availability and performance of such interfaces, and should submit a 'nil return'.

Structure of the return

REP020 requires the ASPSP to report daily statistics on the availability and performance for each of its payment service user interfaces and dedicated interfaces for the previous quarter, for the daily statistics published on the ASPSPs website in accordance with article 32(4) of the *SCA-RTS*.

For each dedicated interface, the ASPSP should indicate by selecting 'yes' or 'no' if the dedicated interface benefits from an exemption under article 33(6) of the *SCA-RTS*. This will be 'no' for any payment service user interface.

Availability

Availability of each dedicated interface and payment service user interface should be reported as a percentage of uptime (Column D) and downtime (Column E).

To calculate the availability of each interface, the ASPSP should:

- calculate the percentage uptime as 100% minus the percentage downtime;
- calculate the percentage downtime using the total number of seconds the dedicated interface was down in a 24-hour period starting and ending at midnight;

- count the interface as 'down' when five consecutive requests for access to information for the provision of payment initiation services, account information services or confirmation of availability of funds are not replied to within a total timeframe of 30 seconds, irrespective of whether these requests originate from one or multiple PISPs, AISPs or CBPIIs. In such case, the ASPSP should calculate downtime from the moment it has received the first request in the series of five consecutive requests that were not replied to within 30 seconds, provided that there is no successful request in between those five requests to which a reply has been provided.

Performance

Performance should be reported for each interface based on the daily average time in milliseconds.

At column F, ASPSPs should report daily statistics for each payment service user interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to respond to payment service user requests in that interface.

At column G, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the account information service provider (AISP) all the information requested in accordance with article 66(4)(b) of PSD2 and Article 36(1)(b) of the *SCA-RTS*.

At column H, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the payment initiation service provider (PISP) all the information requested in accordance with article 36(1)(a) of the *SCA-RTS*.

At column I, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the card based payment instrument issuer (CBPII) or to the PISP a 'yes/no' confirmation in accordance with article 65(3) of PSD2 and article 36(1)(c) of the *SCA-RTS*.

At column J, ASPSPs should report daily statistics for each dedicated interface on the daily error response rate as a percentage – calculated as the number of error messages concerning errors attributable to the ASPSP sent by the ASPSP to the PISPs, AISPs and CBPIIs in accordance with article 36(2) of the *SCA-RTS* per day, divided by the number of requests received by the ASPSP from AISPs, PISPs and CBPIIs in the same day and multiplied by 100.

Data elements

Quarterly statistics on availability and performance of dedicated interfaces	
1A – Do you wish to make a nil return?	ASPSPs providing payment accounts accessible online and facilitating access to AISPs, PISPs or CBPIIs via a dedicated interface must submit a return each quarter and should select 'no'. ASPSPs providing access via other means other than a dedicated interface are not required to submit a return and should select 'yes'.
2A – Interface Name/Id	ASPSPs submitting a return should provide the name or ID used within the PSP to identify the interface being reported on. This should indicate whether the interface is a dedicated interface or a payment service user

	interface. Where relevant, it should be the same ID used when the ASPSP submitted a request for exemption from the contingency mechanism (max 100 characters).
Availability statistics	
2B – Interface type	Select what type of interface the statistics are being provided for: • PSU interface • Dedicated interface
2C – Has exemption been granted for dedicated interface?	Select 'yes' or 'no' indicating if the interface has been exempted under article 33(6) of the *SCA RTS*.
2D – Uptime (%)	ASPSPs should report the uptime of the interface as a percentage in accordance with the calculation method at GL 2.4(a) *EBA* Guidelines for each day in the reporting period (up to 92 days where applicable). Percentage figure should be provided to two decimal places.
2E – Downtime (%)	ASPSPs should report the downtime of the interface as a percentage in accordance with the calculation method at GL 2.4(b) *EBA* Guidelines for each day in the reporting period (up to 92 days where applicable). Percentage figure should be provided to two decimal places.
Performance statistics	
Payment Services User (PSU) interface	
2F – response (millisecs)	Only to be completed if "PSU interface" has been selected at 2B. ASPSPs should provide the daily average response time, (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken per request, for the ASPSP to respond to requests from payment service user via the payment service user interface.
Dedicated interface	
2G – AISP response (millisecs)	Only to be completed if "Dedicated interface" has been selected at 2B. ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the account information service provider (AISP) all the information requested in accordance with article 66(4)(b) of PSD2 and article 36(1)(b) of the *SCA RTS*.
2H – PISP response (millisecs)	Only to be completed if "Dedicated interface" has been selected at 2B. ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the payment initiation service provider (PISP) all the information requested in accordance with article 36(1)(a) of the *SCA RTS*.
2I – CBPII response (millisecs)	Only to be completed if "Dedicated interface" has been selected at 2B. ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the card based payment instrument issuer (CBPII) or to the PISP a 'yes/no' confirmation in accordance with article 65(3) of PSD2 and article 36(1)(c) of the RTS.

2J – Error response rate	Only to be completed if "Dedicated interface" has been selected at 2B. ASPSPs should provide the daily error response rate – calculated as the number of error messages concerning errors attributable to the ASPSP sent by the ASPSP to the PISPs, AISPs and CBPIIs in accordance with article 36(2) of the RTS per day, divided by the number of requests received by the ASPSP from AISPs, PISPs and CBPIIs in the same day. Percentage figure should be provided to two decimal places.

Annex C

Amendments to the Banking Conduct of Business sourcebook (BCOBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

5 Post sale

5.1 Post sale requirements

…

Security of electronic payments

…

5.1.10B	G	Such procedures should include authentication procedures for the verification of the identity of the *banking customer* or the validity of the use of a particular *payment instrument*, proportionate to the risks involved. Where appropriate, *firms* may wish to consider the adoption of 'strong customer authentication', as defined in the *Payment Services Regulations*, and specified in ~~regulatory technical standards adopted by the European Commission under article 98 of the *Payment Services Directive*~~ the *SCA RTS*. The *FCA* gives guidance on strong customer authentication in Chapter 20 of the *FCA*'s Approach Document. [**Note:** see https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf.]

Annex D

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Treating complainants fairly

…

1 Annex 1ADR Electronic money and payment services complaints return form

…

Table 4

Complaints relating to alleged *authorised push payment fraud*

		A	B
		Total opened	Total closed
257	Complaints relating to alleged *authorised push payment fraud*		

1 Annex 1AAG Notes on completing electronic money and payment services complaints return form

Payment Services Complaints Return

…

Tables 1, 2, ~~and~~ 3 and 4

In Tables 1, 2, ~~and~~ 3 and 4 …

…

Contextualisation (Table 3)

…

Complaints relating to alleged *authorised push payment fraud* (Table 4)

Information on complaints relating to alleged *authorised push payment fraud* should be provided in Table 4. Data in this table should not be included in any total complaint figures as these complaints should already be reported in the preceding tables under the appropriate product/service groupings (for example, under 'Credit transfer').

…

TP 1 Transitional provisions

1.1 Transitional provisions table

(1)	(2) Material provision to which transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
…					
53	*DISP* 1 Annex 1AD	R	The figures for complaints relating to alleged *authorised push payment fraud* in Table 4 should only include such complaints from 1 July 2019.	1 July 2019 to 30 June 2020	1 July 2019

Annex E

Amendments to the Credit Unions sourcebook (CREDS)

In this Annex, underlining indicates new text.

9 Annex 1R Credit union complaints return

…

Credit-related complaints Section 5A

…

Complaints relating to alleged *authorised push payment fraud* Section 5B

	Total opened	Total closed
Complaints relating to alleged *authorised push payment fraud*		

…

Notes on completion of this return

…

Section 5A – Credit-related complaints

…

Section 5B – Complaints relating to alleged *authorised push payment fraud*

Information on complaints relating to alleged *authorised push payment fraud* should be provided in this section. Data in this section should not be included in any total complaint figures as these complaints should already be reported in the preceding sections under the appropriate product/service groupings (for example, under 'Banking and credit cards').

…

…

TP 1 Transitional Provision

(1)	(2) Material provision to which transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
…					
19	*CREDS* 9 Annex 1	R	The figures for complaints relating to alleged *authorised push payment fraud* in Section 5B should only include such complaints from 1 July 2019.	1 July 2019 to 31 March 2020	1 July 2019

Annex F

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force on 18 December 2018

15 Guidance on the scope of the Payment Services Regulations 2017

…

15.2 General

Q9. If we provide payment services to our clients, will we always require authorisation or registration under the regulations?

Not necessarily; you will only be providing payment services, for the purpose of the regulations, when you carry on one or more of the activities in *PERG* 15 Annex 2:

as a regular occupation or business activity; and

these are not excluded or exempt activities (see *PERG* 15.5 Negative scope/exclusions).

…

15.3 Payment services

…

Q25A. When might we be providing an account information service?

…

Whether a service is an account information service depends on whether there has been access to payment accounts. The account information service provider is subject to rights and obligations concerning such access under the PSRs 2017 (see Chapter 17 of the Approach Document). For a service to be an account information service it is also necessary for it to involve the provision of payment account information to the payment service user that has been consolidated in some way (although a service may be an account information service even if the information relates to only one payment account).

In our view, an account information service is not provided if the only information provided to the customer is the customer's name, account number and sort code.

More than one business may be involved in obtaining, processing and using payment account information to provide an online service to a customer. However, the business that requires authorisation or registration to provide the account information service is the one that provides consolidated account information to the payment service user (including through an agent) in line with the payment service user's request to that business.

A business that obtains and processes payment account information in support of an authorised or registered account information service provider, but does not itself provide the information to the user, is a technical service provider. It does not require authorisation or registration as an account information service provider. The authorised or registered account information service provider is responsible for compliance with the PSRs 2017 where account access is outsourced to a technical service provider.

An agent of an account information service provider cannot provide or purport to provide account information services in its own right. This means that if a firm (Firm A) (which may or may not be an account information service provider) passes data to another firm (Firm B), and Firm B uses that data to provide account information services to its customers, Firm B must be authorised or registered with permission to provide account information services. However, if Firm A is an account information service provider and Firm B is acting as Firm A's agent, it may present Firm A's account information service to users through its own platform: for example, its website or application. It must be clear to the customer that Firm B is acting as agent of Firm A, the principal. This may include, for example, using Firm A's branding within Firm B's application. Further, the agreement for the provision of account information services must be between the customer and Firm A, the principal.

…

15.4 Small payment institutions, agents and exempt bodies

Q28. We only wish to be an agent. Do we need to apply to the FCA and/or PRA for registration?

No. If your principal is a payment institution, it is its responsibility to register you as its agent. Assuming your principal is not an EEA firm, you are required to be registered on the Financial Services Register before you provide payment services. If your principal is an EEA firm, your principal will need to comply with the relevant Home State legislation relating to your appointment. You will not be able to provide payment services in the UK on behalf of an EEA firm unless it has also complied with the relevant requirements for the exercise of its passport rights.

You may act for more than one principal, but each principal must register you as its agent.

An agent can only provide its principal's payment services; the agent cannot provide or purport to provide the services in its own right. A person who behaves, or otherwise holds themselves out, in a manner which indicates (or

which is reasonably likely to be understood as indicating) that they are a payment service provider is guilty of an offence under regulation 139 of the PSRs 2017. It must be clear to a customer that the agent is acting on behalf of the principal and the agreement to provide payment services must be between the principal and the customer.

…

15.5 Negative scope/exclusions

…

Q33A. We are an e-commerce platform that collects payments from buyers of goods and services and then remits the funds to the merchants who sell goods and services through us – do the regulations apply to us?

…

If an e-commerce platform is providing payment services as a regular occupation or business activity and does not benefit from an exclusion or exemption, it will need to be authorised or registered by us.

An example of an e-commerce platform that is likely to need to be authorised or registered by the FCA is one that provides escrow services as a regular occupation or business activity. Escrow services generally involve a payment service consisting of the transfer of funds from a payer to a payee, with the platform holding the funds pending the payee's fulfilment of certain conditions or confirmation by the payer. It should be kept in mind that an escrow service may be a regular occupation or business activity of a platform even if it is provided as part of a package with other services. Escrow providers do not typically have the authority to negotiate or conclude the sale or purchase of goods or services on behalf of the payer or the payee, and in those circumstances, would not fall within the exclusion for commercial agents.

Q40. Which types of payment card could fall within the so-called 'limited network' exclusion (see PERG 15, Annex 3, paragraph (k))?

The 'limited network' exclusion forms part of a broader exclusion which applies to services based on specific payment instruments that can be used only in a limited way and -

(a) allow the holder to acquire goods or services only in the issuer's premises;

(b) are issued by a professional issuer and allow the holder to acquire goods or services only within a limited network of service providers which have direct commercial agreements with the issuer;

(c) may be used only to acquire a very limited range of goods or services; or

(d) are valid only in a single EEA State, are provided at the request of an undertaking or a public sector entity, and are regulated by a national or regional public authority for specific social or tax purposes to acquire specific goods or services from suppliers which have a commercial agreement with the issuer.

As regards (a), examples of excluded instruments could include:

staff catering cards - reloadable cards for use in the employer's canteen or restaurant;

tour operator cards - issued for use only within the tour operator's holiday village or other premises (for example, to pay for meals, drinks and sports activities);

store cards – ~~for example, a 'closed-loop' gift card,~~ where the card can only be used at the issuer's premises or website (so where a store card is co-branded with a third party debit card or credit card issuer and can be used as a debit card or credit card outside the store, it will not benefit from this exclusion). On the other hand, in our view, 'gift cards' where the issuer is a retailer and the gift card can only be used to obtain goods or services from that retailer are not payment instruments within the meaning of the PSRs 2017. This is because these basic gift cards do not initiate payment orders; payment for the goods or services is made by the customer to the retailer of the goods in advance, when the card is purchased from the retailer. Accordingly, this exclusion is not relevant to them.

…

Part 2: Comes into force on 14 September 2019

15.7 Transitional provisions [deleted]

~~Q47. We are a provider of account information and payment initiation services who was providing those services before 12 January 2016. Can we continue to provide those services after the PSRs 2017 come into force?~~

~~Yes, initially. Providers of account information services and payment initiation services which were providing those services before 12 January 2016 and which continue to provide such services immediately before 13 January 2018 will be able to continue to do so after that date without registration or authorisation until the EBA's Regulatory Technical Standards on strong customer authentication and common and secure communication apply. However, while provided in reliance on this transitional provision, those services will be treated under the PSRs 2017 as if they were not account information services or payment initiation services. More information can be found in Chapters 3 and 17 of our Approach Document.~~

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