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Dear Sirs

Response to Competition and Markets Authority Annual Plan consultation 2015/16

The PSR welcomes the opportunity to respond to the CMA's November 2014 Consultation on its 2015/16 draft Annual Plan.

The PSR has three statutory objectives: to promote effective competition in the markets for payment systems and for services provided by those systems in the interests of service-users; to promote the development of innovation in payment systems in the interests of service-users; and to ensure that payment systems are operated and developed in a way that considers and promotes the interests of service-users.

There is clear alignment between our objectives with respect to payment systems and the CMA's broader duty to promote competition within and outside the UK for the benefit of consumers.

We are currently working towards our full operational launch on 1 April 2015. We published our consultation in November 2014 setting out our proposed regulatory framework and policy proposals to advance our statutory objectives. The framework focuses on ownership, governance and control of payment systems; access to payment systems, and a new proposed approach to industry strategy development to drive industry collaboration and deliver innovation. Our consultation also outlined planned areas of work from April 2015 onwards, in particular reviews into indirect access to payment systems and the ownership and competitiveness of infrastructure provision.

We are working towards publication of our final policy statement and enforcement and regulatory tools by the end of March 2015. We are also consulting on our draft concurrent competition guidance, with a view to being able to publish final guidance as close to 1 April 2015 as practicable.

We look forward to working with the CMA to promote the effective use of our concurrent competition tools to promote competition and in those areas where the CMA's work touches on

our remit and vice versa. We welcome the discussions we have already had, for example in relation to the CMA's investigation into retail banking.

To underpin our working arrangements, we look forward to entering into an MoU between the PSR and the CMA. To avoid duplication of effort, and to minimise the risk of regulatory arbitrage and the impact on stakeholders, we consider it is important that both authorities are kept informed of each other's relevant activities through regular meetings and forums such as the UK Competition Network.

We would also note two minor points of clarification to your draft Annual Plan. Paragraph 5.5 should also refer to the Payment Systems Regulator (PSR) as an exception to the rule that sector regulators must consider, before taking enforcement action under direct regulatory powers, whether enforcement under UK or EU competition provisions would be more appropriate. As you may be aware, the PSR is only required in certain circumstances – namely prior to making a specific, rather than a general direction – to consider whether it would be more appropriate to use UK or EU competition powers. You may also wish to reflect in paragraph 5.6 that the CMA and PSR are working towards, but have not yet entered into an MoU.

We look forward to continuing to build our relationship and working closely with the CMA over the year ahead.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H. Nixon', written in a cursive style.

Hannah Nixon
Managing Director