

Access and governance report 2017

No.17/1

We've published our second report on access to payment systems, and the governance of those systems. This factsheet summarises our key findings.

What is access and why is it important?

Payment service providers (PSPs) like banks and building societies need access to payment systems to be able to transfer funds for their customers. We want PSPs to be able to get access on a fair, open and transparent basis, and to be able to choose the form of access that suits them best.

Opening up access to more PSPs is essential to help create greater competition in payments. This can have a positive effect on the quality and range of services that consumers receive.



Our findings: what's gone well?

- There has been a significant **improvement in the choice** of access options available to payment service providers (PSPs). Direct participation in the interbank systems¹ is rising and looks set to increase considerably in 2017, and there are now more indirect access providers (IAPs).
- Payment system operators have improved their processes for new PSPs joining as direct participants, **reducing the time and complexity of joining**. The recommendations of the Payments Strategy Forum on simplifying access will improve this further.
- The **cost of getting direct access appears to be reducing**. The new IAPs entering the market should further increase competition and help drive down prices for indirect access.
- For PSPs who choose indirect access, there have been **improvements in the quality** and availability of technical access to Faster Payments Scheme (FPS). More IAPs are now offering, or plan to start offering, 'direct agency' access to FPS, allowing PSPs to give their customers the same quality and availability of access as direct participants.
- Operators and IAPs have improved the **transparency of information and their engagement** with service-users.

¹ The report focuses on the interbank payment systems that are regulated under PSR General Direction 2 – Bacs, CHAPS, Cheque and Credit and Faster Payments.

Factsheet

Our findings: where can there be further improvement?

- **Work for operators:** We want the operators to finish their work in developing access models and solutions that facilitate the development of aggregators² by the end of the year. We expect them to be ready to progress applications from non-bank PSPs, in light of possible upcoming changes to the Bank of England's settlement account policy.
- **Work for IAPs:** We would like IAPs to look again at the voluntary Code of Conduct they developed and consider how they can improve PSPs' awareness of and confidence in it. We also expect IAPs to address some quality-related issues affecting PSPs who choose indirect access.

What's next for the PSR on access?

We will continue to monitor developments. There will be a number of changes this year, including the implementation of the second EU Payment Services Directive (PSD2) and the potential consolidation of three operators into one (the operators of Bacs, FPS and Cheque and Credit (C&C)).

We plan to review our existing directions later in the year to ensure they properly reflect these changes and remain effective.

Access to the interbank payment systems - in numbers

4 New direct participants in 2016

10 Projected new direct participants in 2017

New participants are joining

In August 2016 Raphaels Bank became the first new fully operational participating financial provider of Faster Payments since the scheme launched in 2008.

Others have followed suit, including Metro Bank, Starling Bank, ClearBank and Monzo. In total, we expect 10 new direct participants this year across Faster Payments, Bacs and CHAPS.

² Aggregators are typically financial technology vendors, who provide payment service providers with connectivity to the central infrastructure of a payment system. This enables providers with insufficient volumes of their own to gain a direct access connection.

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