

# Regulator 'Lacks Data' On De-Risking Despite PSD2, Official Says

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**The UK's Financial Conduct Authority (FCA) is lacking data on whether it needs to do more to help payment providers still struggling to obtain or maintain access to a bank account, a senior official has said.**

Fund transfer companies have long complained they face a constant threat of having their access to banking services terminated, with larger financial institutions reportedly reluctant to deal with a sector perceived as high-risk and low-reward.

But speaking at Tuesday's Global Money Transfer Summit in London, FCA department head Richard Fox urged firms affected by banks de-risking to be more proactive in contacting the regulator with their concerns.

"Come and talk to us if you are struggling with this," he said. "Because ... the amount of noise we hear about this doesn't match the formal reporting that we get."

Fox explained that only a small number of formal notifications of account refusals ever reach the FCA, and of those only "a fraction" result in formal complaints.

"I know it's an important issue for this room, but we can only work with what we've got," he said.

"We may suspect certain known unknowns, but actually we need to make those known knowns. We need the reporting that we can match up to the complaints."

There have been attempts to tackle the issue through regulatory reforms at the European level.

Article 36 of the revised [Payment Services Directive](#) (PSD2) requires banks to provide non-discriminatory account access to payment firms, and when questioned on de-risking last year the FCA said it was [optimistic](#) that requirement would substantially improve matters for firms.

The UK transposition of the directive states that a bank should complete a [NOT002 form](#) whenever it rejects or terminates a firm's access to account services.

That form sets out 24 questions on the reasons for rejection, the process taken and whether the firm was given an opportunity to respond and to rectify any perceived risks.

However, according to legal expert John Burns, there is little sign that is currently happening on the ground.

"I don't believe every time a bank turns someone away, they are doing that," said Burns, payment services director at Compliancy Services and a speaker at the same event.

"But the FCA won't know about that unless you actually let them know you've been turned down as well. If you don't get a NOT002 they need to know about it so they can make a connection."

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*"How successful that's going to be depends on enforcement, and enforcement depends on how much they know, so I'd urge people who are having that problem to let the FCA know because that will enable them to do their work," said John Burns of Compliancy Services.*

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Although the FCA is typically the first point of contact for firms complaining about a bank denying them services, that information is then shared with the Payment Systems Regulator (PSR).

A spokesperson for the PSR recently confirmed to PaymentsCompliance it has not yet found any financial institution in breach of the requirement to assess applications in a "proportionate, objective and non-discriminatory manner".

However, industry experts are unconvinced the blame can be laid at the door of the fund transfer industry.

"I think the reason you're not hearing about it much, frankly, is because people have given up," said Mohit Davar, chairperson of the International Association of Money Transfer Networks (IAMTN) and the organiser of Tuesday's event.

"For three years it's been a topic where we've banged every single door and nothing has happened. We went to the FCA, collectively, individually, and the FCA said look, we can't force the banks. They're going to make commercial decisions."

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"It would be disingenuous to dismiss the concerns, but we do have a law," said Richard Fox of the FCA. "We have a regulator set up to this, a standard that has been set. We need the information to supervise that standard."

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Davar said that, in his view, the de-risking provisions in PSD2 have been "a washout".

"From where it started out, as a right to a bank account, to where it ended up, is so diluted that it's just not even worth going under PSD2 and raising that issue," he said.

"So what are people resorting to? Shipping cash."

The FCA's Fox responded that beyond reporting more information to the regulator, there is little he can suggest.

"I understand your frustrations, but that is the process that we have and you need to work with us to make it work," Fox said.

"We have changed the law, we have teams ready to supervise against it, but my colleagues need the data to act."

If the access reforms brought in by PSD2 are demonstrably not working and nothing changes for firms hit by de-risking, he said the regulator would then be open to further conversation.

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