

Supervision Working Group Meeting Minutes

Tuesday 26th February 2019

At the offices of Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN

Please would you talk us through the objectives of the current round of supervision meetings/requests for information on prudential awareness and safeguarding?

Response: Safeguarding remains a priority in the sector, and ensuring customers aren't misled by hybrid firms. The FCA is conducting an information review, as opposed to a thematic review and which therefore has limited obligations in terms of public release. The timeframe for the information review is not concrete at this time, however it is expected to be complete in around two months. The FCA is aware of the duplication of funds issue within safeguarding.

There is currently a prudential review on risk practices for non-bank PSPs on capital requirements being undertaken. Again, there are no time frames for releasing this information publicly.

Do you have any plans for thematic reviews?

Response: The FCA has no plans to release any further thematic reviews in the payments sector at this stage.

The consultation document on PRIN application gave a small number of examples of areas that the FCA may be interested in, are there others?

Response: The FCA has no plans at this time to provide additional guidance or examples of PRIN in action, however they will work with industry associations including AFEP on good practice guidance. If it becomes evident that there are particular issues which industry cannot clarify, the FCA may consider making further guidance or rules.

What feedback can you provide on your analysis of REP018 to date? What is the FCA's general opinion on the quality of the reports made under the first REP018

Response: The FCA has begun reviewing the REP018 submissions from December. This is currently in the analysis stage and there are no overarching comments as of yet. Dependent on the outcomes of this process the FCA will determine what appropriate action to take.

Impromptu questions

Does the FCA plan to change payment services supervisory format to dedicated supervisors, rather than the contact centre?

Response: The FCA has no plans to change the current format that has the contact centre as first point of contact. The contact centre are an essential part of the supervisory process and the first point of contact for most authorised entities. The payments team supervises around 1200 firms, therefore a dedicated supervisor for every firm would not be feasible.

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Industry issues raised

Fears around the level of information required around REP017 and REP018

Response: The FCA has noted that there is a question around what level of information they expect from these reports.

Request for more communication about the insurance product for safeguarding

Response: The team are not aware of whether the product has been found acceptable as yet.