



Financial Services (Banking Reform) Act 2013

2013 CHAPTER 33

PART 5

REGULATION OF PAYMENT SYSTEMS

General duties of Regulator

49 Regulator's general duties in relation to payment systems

- (1) In discharging its general functions relating to payment systems the Payment Systems Regulator must, so far as is reasonably possible, act in a way which advances one or more of its payment systems objectives.
- (2) The payment systems objectives of the Payment Systems Regulator are—
 - (a) the competition objective (see section 50),
 - (b) the innovation objective (see section 51), and
 - (c) the service-user objective (see section 52).
- (3) In discharging its general functions relating to payment systems the Payment Systems Regulator must have regard to—
 - (a) the importance of maintaining the stability of, and confidence in, the UK financial system,
 - (b) the importance of payment systems in relation to the performance of functions by the Bank of England in its capacity as a monetary authority, and
 - (c) the regulatory principles in section 53.
- (4) The general functions of the Payment Systems Regulator relating to payment systems are—
 - (a) its function of giving general directions under section 54 (considered as a whole),

- (b) its functions in relation to the giving of general guidance under section 96 (considered as a whole), and
- (c) its function of determining the general policy and principles by reference to which it performs particular functions.

50 The competition objective

- (1) The competition objective is to promote effective competition in—
 - (a) the market for payment systems, and
 - (b) the markets for services provided by payment systems,in the interests of those who use, or are likely to use, services provided by payment systems.
- (2) The reference in subsection (1) to promoting effective competition includes, in particular, promoting effective competition—
 - (a) between different operators of payment systems,
 - (b) between different payment service providers, and
 - (c) between different infrastructure providers.
- (3) The matters to which the Payment Systems Regulator may have regard in considering the effectiveness of competition in a market mentioned in subsection (1) include—
 - (a) the needs of different persons who use, or may use, services provided by payment systems;
 - (b) the ease with which persons who may wish to use those services can do so;
 - (c) the ease with which persons who obtain those services can change the person from whom they obtain them;
 - (d) the needs of different payment service providers or persons who wish to become payment service providers;
 - (e) the ease with which payment service providers, or persons who wish to become payment service providers, can provide services using payment systems;
 - (f) the ease with which payment service providers can change the payment system they use to provide their services;
 - (g) the needs of different infrastructure providers or persons who wish to become infrastructure providers;
 - (h) the ease with which infrastructure providers, or persons who wish to become infrastructure providers, can provide infrastructure for the purposes of operating payment systems;
 - (i) the needs of different operators of payment systems;
 - (j) the ease with which operators of payment systems can change the infrastructure used to operate the payment systems;
 - (k) the level and structure of fees, charges or other costs associated with participation in payment systems;
 - (l) the ease with which new entrants can enter the market;
 - (m) how far competition is contributing to the development of efficient and effective infrastructure for the purposes of operating payment systems;
 - (n) how far competition is encouraging innovation.

51 The innovation objective

- (1) The innovation objective is to promote the development of, and innovation in, payment systems in the interests of those who use, or are likely to use, services provided by payment systems, with a view to improving the quality, efficiency and economy of payment systems.
- (2) The reference in subsection (1) to promoting the development of, and innovation in, payment systems includes, in particular, a reference to promoting the development of, and innovation in, infrastructure to be used for the purposes of operating payment systems.

52 The service-user objective

The service-user objective is to ensure that payment systems are operated and developed in a way that takes account of, and promotes, the interests of those who use, or are likely to use, services provided by payment systems.

53 Regulatory principles

The regulatory principles referred to in section 49(3)(c) are as follows—

- (a) the need to use the resources of the Payment Systems Regulator in the most efficient and economic way;
- (b) 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, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- (c) the desirability of sustainable growth in the economy of the United Kingdom in the medium or long term;
- (d) the general principle that those who use services provided by payment systems should take responsibility for their decisions;
- (e) the responsibilities of the senior management of persons subject to requirements imposed by or under this Part, including those affecting persons who use services provided by payment systems, in relation to compliance with those requirements;
- (f) the desirability where appropriate of the Payment Systems Regulator exercising its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under this Part;
- (g) the desirability in appropriate cases of the Payment Systems Regulator publishing information relating to persons on whom requirements are imposed by or under this Part, or requiring such persons to publish information, as a means of contributing to the advancement by the Payment Systems Regulator of its payment systems objectives;
- (h) the principle that the Payment Systems Regulator should exercise its functions as transparently as possible.