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Payment Accounts Regulations Consultation

Banking & Credit Team

HM Treasury

1 Horse Guards Road

SW1A 2HQ

By email to: PARsconsultation@hmtreasury.gov.uk

17 February 2023

Dear Sir/Madam,

Re: Information requirements in the Payment Accounts Regulations Consultation

The Electronic Money Association (“**EMA**”) is a trade association for non-bank payment service providers (such as electronic money institutions and payment institutions). Our members include leading payments and e-commerce businesses worldwide providing online payments, card-based products, open banking, mobile payment instruments, payment and e-money accounts. Many of our members operate not only in the UK, but also across the EU. A list of our members is provided at the end of this letter.

We welcome the opportunity to respond to the HMT’s consultation on the information requirements set out in the Payment Accounts Regulations 2015 (“**PARs**”). Thank you for taking our comments into consideration.

Yours sincerely,

Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

EMA Response

Question 1 Do you consider the requirement for payment service providers to provide consumers with Fee Information Documents (FIDs) to have any positive impacts (e.g. towards supporting transparency and comparability of fee information related to payment accounts)? If so, please specify.

EMA response: The EMA considers that, generally, the requirement to provide FIDs setting out the fees applicable to consumer payment accounts has increased transparency and comparability of fees relating to payment accounts. This should, in turn, have a positive effect, by way of increased competition in the market. Consumer access to payment account fee information in a standardised FID format enables easier comparisons of fees associated with the services linked to different payment account offerings and therefore the increased visibility of best-priced payment account offers, encouraging competition between different payment account providers. The availability of FID information may also contribute to the development of other private sector services to consumers, for example, a service which notifies consumers of better payment account deals available to them. We note that the largest payment account providers deliver FID data through open banking APIs which does support such services in the market. This may further positively impact consumer awareness and choice and ultimately, competitiveness in the market.

A robust assessment of the FID requirement benefits would require further evidence on how the FID information is used by consumers, including via other private sector services (e.g. price comparison websites) in practice.

Question 2 Do you consider the requirement for payment service providers to provide consumers with FIDs to have any negative impacts (e.g. administration costs or duplication of information already provided to consumers)? If so, please specify.

EMA response: Compliance with the FID requirement naturally, has costs implications on the payment account providers, in terms of costs associated with preparing, and making FIDs available. The FID requirement also carries some duplication of the fee information account providers must make available under other applicable legislation. For example, Part 6 and Schedule 4 of the Payment Services Regulations 2017 (“PSRs”) requires payment service providers (“PSPs”) to provide or make available information on applicable charges, a breakdown of such charges and applicable currency exchange rates and the EU Regulation (EC) No 924/2009 on cross-border payments¹ imposes additional disclosure requirements in relation to the currency conversion charges and the applicable exchange rates.

For a proportionate approach, the additional compliance costs placed on payment account providers should be balanced against the benefits of increased transparency and comparability of fees, as well as competition, as highlighted in our response to Question 1.

¹ As retained in the UK law and amended by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020

Question 3 Do you consider the requirement for payment service providers to provide consumers with a Statement of Fees (SoFs) to have any positive impacts (e.g. towards supporting transparency and comparability of fee information related to payment accounts)? If so, please specify.

EMA response: The EMA, generally, considers that the requirement to provide annual SoFs to payment account customers has contributed to increased transparency. This should have positive effects on the competition in the market, for the reasons set out in our response to Question 1. As per our response to Question 1, the assessment of the SoF benefits would benefit from further evidence on how the SoFs are used in practice.

Question 4 Do you consider the requirement for payment service providers to provide consumers with SOFs to have any negative impacts (e.g. administration costs or duplication of information already provided to consumers)? If so, please specify.

EMA response: The requirement to provide annual SoFs, with the specified level of detail and breakdown carries additional costs on payment account providers in ensuring the SoFs are provided in the required format, detail and frequency. The SoF information is in addition to other regular fee information which must be provided by payment account providers. For example, all PSPs must also comply with the requirement to provide information on applicable charges, in relation to each payment transaction, at least once per month and free of charge (Regulations 53 and 54 PSRs)). However, the SoF also includes additional yearly overview information, such as the total amount of fees for the service, as well as service unit fee and the number of times a particular service was used – this may provide a helpful reminder to consumers on which services they often use in practice and the total fees paid.

The EMA would support a more proportionate approach which balances the benefits versus additional burdens associated with the SoF requirements. For example, a more proportionate approach could exclude dormant/inactive payment accounts (for which no fees were incurred) from the requirement to provide SoFs.

Question 5 Do you consider the presentational requirements under Schedules 1 and 2 of the PARs to be necessary? Could consumers be provided with the same or equivalent information by simpler or alternative means? Please specify.

EMA response: The presentation / format requirements stemming from the EU Implementing Regulations on technical standards on the presentation of the FIDs and SoFs (Commission Implementing Regulation (EU) 2018/34 and (EU) 2018/33 respectively) are strikingly prescriptive. Whilst defining FID / SoF content and templates can aid transparency and comparability, there appears to be little justification for prescribing stylistic/formatting requirements, such as regards to font, font size, colour or line spacing. Firms may present the required FID/SoF data in various customer channels (paper/online/mobile/open banking APIs), for which these requirements cannot reasonably be applied consistently.

These requirements could be dispensed with in favour of more flexible, objectives-based requirements, for example, that the documents should be clear and easy to read (as already required under Schedules 1 and 2 of PARs).

Question 6 Do you consider the requirements for the FCA to maintain a linked services list, and for payment service providers to provide customers with a glossary of related definitions, to have any positive impacts (e.g. towards supporting transparency and comparability of fee information)?

EMA response: The reference to the linked services in the FIDs and SoFs should aid greater comparability of fee information for the services in the FCA's linked services list.

Question 7 Do you consider the requirement for the FCA to maintain a linked services list, and for payment service providers to provide customers with a glossary of related definitions, to have any negative impacts? If so, please specify.

EMA response: Regulation 7 of PARs requires payment account providers to use the terms set out in the linked services list in its contractual, commercial and marketing information. This carries additional compliance costs in ensuring that the payment account contractual and marketing information is aligned with the linked services list terminology; it may also restrict account provider's ability to communicate in a language in a way that is best suited to the information needs of their customers, or the PSP's usual communication style.

The EMA would support a more proportionate approach to the linked services list requirements. For example, the retaining the linked services list terminology for the purposes of the FIDs may be helpful for the comparability of fees, whereas the strict use of the linked services terminology throughout other materials may be of a lesser benefit.

Question 8 Do you consider the requirements for the Money and Pensions Service (MaPS) to provide consumers with access to a website comparing fees charges by payment service providers to have any positive impacts towards supporting transparency and comparability of fee information beyond private sector providers? Or could the same objectives be fulfilled without these specific requirements?

EMA response: We note that commercial (private sector) comparison services frequently offer more sophisticated search options and tailored results than the MaPS' payment account fee comparison website. However, we note that MaPS' service is free for consumers to use and does not require registration of any data. In that regard, we consider there may be some consumer benefit of retaining the requirement for the MaPS to provide this service.

The assessment of the benefits would benefit from further evidence of the use of the MaPS fee comparison website by consumers as well as the private sector service providers in practice.

Question 9 Where relevant, what are the costs to your organisation of adhering to Part 2 and Schedules 1 and 2 of the PARs? Please be as specific as possible and quantify.

EMA response: Not applicable.

Question 10 Can you foresee any potential unintended consequences or negative impacts of removing any requirements under Part 2 and Schedules 1 and 2 of the PARs?

EMA response: No comment.

Question 11 Do you have any other views on Part 2 and Schedules 1 and 2 of the PARs that you wish to share?

EMA response: No comment.

Members of the EMA, as of January 2023

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[Account Technologies](#)
[Airbnb Inc](#)
[Airwallex \(UK\) Limited](#)
[Allegro Group](#)
[Amazon](#)
[American Express](#)
[ArcaPay Ltd](#)
[Banked](#)
[Bitstamp](#)
[BlaBla Connect UK Ltd](#)
[Blackhawk Network EMEA Limited](#)
[Boku Inc](#)
[Booking Holdings Financial Services International Limited](#)
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