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Technology, Resilience & Cyber Department
Financial Conduct Authority
12 Endeavour Square
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Sent by email to: cp24-28@fca.org.uk

13 March 2025

Dear Brian

Re: FCA Consultation CP24/28 on the *Approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive (PSD2)*

The EMA represents non-bank issuers and acquirers, and our members include leading payments and e-commerce businesses providing online payments, card-based products, electronic marketplaces, open banking payments and more. The EMA has been operating for over 20 years and has a wealth of experience regarding the regulatory framework for electronic money and payments. A list of current EMA members is provided at the end of this document at ANNEX II.

We would be grateful for your consideration of our comments to the PSR's Interim Report, which are set out below in ANNEX I.

Yours faithfully

A handwritten signature in black ink that reads 'Iwan Sabin'. The signature is written in a cursive style with a long horizontal stroke at the end.



Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

ANNEX I – EMA Response

Q1: Do you have any comments on the cost benefit analysis including our assumptions, assessment of costs and benefits to firms, consumers, the market and third parties?

The Electronic Money Association (EMA) notes the assumptions and statements on costs & benefits for the proposed Policy detailed in the Cost Benefit Analysis (CBA) in Annex 2 of the Consultation Paper (CP).

We are concerned that the CBA may overstate the benefits and understate the costs of compliance with the proposed Policy requirements for in-scope entities. Specifically, it is not clear to us that the introduction of the qualitative operational incident criteria will result in more prompt reporting of operational incidents compared to Initial reports for Major incidents under PSD2 that are currently submitted to comply with the relevant *EBA Guidelines (EBA/GL/2017/10)*. The latter requires the submission of the Initial Report within 4 hours from the moment the major operational or security incident was first detected whereas CP 24/28 proposes that in-scope entities submit an Initial Report as soon as is practicable after the occurrence of an operational incident. A [Handbook Template](#)¹ to submit Initial, Intermediate and Final reports is already used by PSPs to generate and submit such reports to the FCA through the Connect platform. The practical benefits of expanding the scope of 3rd party service delivery arrangements that are recorded, tracked and reported in an expanded Register of Information (of Material 3rd Party arrangements) are also unclear to us at this stage, in the absence of clearer guidance on material non-outsourcing arrangements that will now have to be recorded.

The assessment of the costs of the new requirements to the industry appear to us to understate costs associated with the duplication of effort to monitor, track and report both Operational Incidents (under CP 24/28) and Major Incidents under PSD2 (per existing requirements detailed in the PSR² and in the Handbook³). We also want to highlight that many of our members are active in the EU/EEA and have just deployed revised ICT incident reporting frameworks to comply with relevant requirements in the [EU Digital Operational Resilience Act \(DORA\)](#).

¹ SUP 15 Annex 11D

² Art. 99(1)

³ SUP 15.14.20



In the context of the above, we would encourage the FCA to grant an exemption/waiver to the Operational Incident Reporting requirements detailed in Chapter 3 of CP24/28 for all entities that are currently required to track and report Major Incidents under PSD2. Such a waiver will allow these entities to avoid incurring duplicate incident tracking and reporting costs; the waiver could be revisited after the revision of the UK PSRs.

Q2: Do you agree with the proposed definition of an operational incident?

The EMA notes the definition of an operational incident introduced in the CP. We are supportive of the proposed qualitative attributes that firms will use to identify an Operational Incident to reflect their specific service delivery model.

However, we are concerned that the reference in the definition to impacts of an operational incident to a *user external to the firm* will introduce confusion to the incident assessment and reporting process. In-scope entities may have limited knowledge of their clients' customer base or of other external users and thus may not be able to assess such second-order impacts with appropriate accuracy.

We propose that the FCA removes the reference to *users external to the firm* from the relevant Definition to ensure consistent reporting of operational incidents.

Q3: Do you agree with the thresholds for firms to apply when considering reporting an operational incident to us? Are there other factors firms should consider when reporting operational incidents?

The EMA considers the qualitative thresholds that trigger Operational incident reporting (*intolerable levels of consumer harm, risks to stability/integrity and confidence of the UK financial system, risks to the safety and soundness of the firm*) to be appropriate and to afford useful operational flexibility to firms to identify and report such incidents. We note that it is likely that firms that report Operational Incidents that cause intolerable levels of consumer harm will have previously notified the FCA of relevant breaches of Impact Tolerances for Critical functions under the existing operational resilience framework (PS 21/3). It may be useful to allow firms to list/identify any other incident reports they have submitted for the same incident in the Incident⁴ Reporting Data Tables referenced in Appendix 2. The identification of linked incident reports can allow the regulator to improve data reporting quality.

⁴ Major incident under PSD2, Operational Resilience event

Q4: Do you agree with the proposed approach to standardize the formats of incident reporting?

The EMA support the use of standardised Templates to record all the details of Operational incidents that are reported. We encourage the FCA to consider alignment of the data fields that are recorded in these Templates with the data fields in the (a) Major Incident Report templates that firms submit to comply with the relevant EBA Guidelines (EBA/GL/2017/10) and (b) ICT Incidents Reports under the EU DORA ICT incident reporting framework.

Q5: Do you agree that we are being proportionate and are collecting the right information at the right time to meet its objectives? Is there other information that should also be collected for a better understanding of the operational incident?

The EMA is supportive of the proportionate approach that the CP puts forward in the identification of operational incidents and in the timing of the submission of the Initial and Intermediate Reports. We note the feedback to Question 3 (listed above) that proposes that firms are able to list reports submitted for an incident under other FCA frameworks (PSD2, Operational resilience) to improve data accuracy.

Q6: Do you agree with the proposed definition of third party arrangements?

We note the definition of a *third-party arrangement* in the proposed amendments to the Glossary Section of the Handbook.

We are not clear on the scope of service delivery arrangements that fall within the scope of this definition beyond the definition of outsourcing that appears in the [EBA Guidelines on outsourcing arrangements \(EBA/GL/2019/02\)](#) that have been adopted by the FCA. These Guidelines define outsourcing and services that do not constitute outsourcing⁵ and need not be recorded in the Register of Outsourcing arrangements that is maintained by firms.

We encourage the FCA to clarify which of the service arrangements that were previously not considered outsourcing fall within the scope of the definition of a third-party arrangement. It would be particularly useful to receive clarification on whether services provided by other regulated firms/entities (Card Schemes, financial/payment messaging network providers, banking services providers, auditors) fall within the scope of this definition.

Q7: Do you agree with the proposed definition of material third party arrangements?

⁵ In Title II, Section 3, Par 26-28

The EMA agrees with the proposed definition of material third party arrangements introduced in the amended Glossary Section of the Handbook.

Q8: Do you have any comments on our proposed notification requirements including the impact on the number of arrangements that will be reported?

The EMA supports efforts to streamline the reporting of material third party arrangements to the FCA by removing duplicate reporting requirements for the establishment of such arrangements. We note the feedback to Question 6 above requesting that the FCA clarify which service delivery arrangements that were previously not considered outsourcing fall within the scope of the new definition of a third-party arrangement. Such clarification will allow firms to assess the size of any increase in the number of material third party arrangements that will need to be reported to the FCA.

We encourage the FCA to afford enough time for firms to forward notifications of the established third-party service delivery arrangements that will fall within the new definition of material third party arrangements.

Q9: Do you think the mechanism to submit and update the structured register of firms' material third party arrangements is proportionate?

We encourage the FCA to consider recent lessons learned (by EU regulators, the industry) on the structure/format of the similar *Register of Information in relation to contractual arrangements for the delivery of ICT services by ICT third-party service providers* under the EU DORA Framework. Specifically, (a) Allow firms to complete and submit an online & offline (downloadable) Register of Information (b) Adopt simple, consistent data taxonomies and avoid the use of multiple interconnected templates that complicate the completion and maintenance of the Register, (c) Adopt clear data validation rules, (d) Allow the submission of the register in all widely used spreadsheet formats without the need for use of specialist formatting tools and (e) Deliver workshops/webinars on the correct completion of the Register of material third party arrangements.

Q10: Do you have any comment on the template which includes the information on third party arrangements to be shared with us?

We encourage the FCA to allow firms to use other unique identifiers of persons/firms that will be listed in the Register beyond LEIs (e.g. EU company Identifiers, national tax registration



authority identifiers, national company register identifiers). EMA members that are active in the EU/EEA have experienced some pushback by third party service providers that are based outside the UK and the EU/EEA to requests to sourcing an LEI to include in their Register of Information of ICT third-party service providers for DORA Compliance purposes.



ANNEX II - List of EMA members as of March 2025

[Airbnb Inc](#)
[Aircash](#)
[Airwallex \(UK\) Limited](#)
[Amazon](#)
[Ambr](#)
[American Express](#)
[Banked](#)
[Benjamin Finance Ltd.](#)
[Bitstamp](#)
[Blackhawk Network EMEA Limited](#)
[Boku Inc](#)
[Booking Holdings Financial Services International Limited](#)
[BVNK](#)
[Cardaq Ltd](#)
[CashFlows](#)
[Circle](#)
[Coinbase](#)
[Contis](#)
[Crypto.com](#)
[Currenzie Technologies Limited](#)
[Curve UK LTD](#)
[Decta Limited](#)
[Deel](#)
[eBay Sarl](#)
[ECOMMPAY Limited](#)
[Em@ney Plc](#)
[emerchantpay Group Ltd](#)
[EPG Financial Services Limited](#)
[eToro Money](#)
[Etsy Ireland UC](#)
[Euronet Worldwide Inc](#)
[Facebook Payments International Ltd](#)
[Finance Incorporated Limited](#)
[Financial House Limited](#)
[FinXP](#)
[First Rate Exchange Services](#)
[Fiserv](#)
[Flywire](#)
[Gemini](#)
[Globepay Limited](#)
[GoCardless Ltd](#)
[Google Payment Ltd](#)
[IDT Financial Services Limited](#)
[iFAST Global Bank Limited](#)
[Imagor SA](#)
[Ixaris Systems Ltd](#)
[J. P. Morgan Mobility Payments Solutions S. A.](#)
[Kraken](#)
[Lightspark Group, Inc.](#)
[Modulr Finance B.V.](#)
[MONAVATE](#)
[MONETLEY LTD](#)
[Moneyhub Financial Technology Ltd](#)
[Moorwand Ltd](#)
[MuchBetter](#)
[myPOS Payments Ltd](#)
[Navro Group Limited](#)
[Nuvei Financial Services Ltd](#)
[OFX](#)
[OKG Payment Services Ltd](#)
[OKTO](#)
[OpenPayd](#)
[Owl Payments Europe Limited](#)
[Own.Solutions](#)
[Papaya Global / Azimo](#)
[Park Card Services Limited](#)
[Payhawk Financial Services Limited](#)
[Paymentsense Limited](#)
[Paynt](#)
[Payoneer Europe Limited](#)
[PayPal](#)
[Paysafe Group](#)
[Paysend EU DAC](#)
[Plaid B.V.](#)
[Pleo Financial Services A/S](#)
[PPS](#)
[Push Labs Limited](#)
[Remitly](#)
[Revolut](#)
[Ripple](#)
[Satispay Europe S.A.](#)
[Securiclick Limited](#)
[Segpay](#)
[Soldo Financial Services Ireland DAC](#)
[Square](#)
[Stripe](#)
[SumUp Limited](#)
[Syspay Ltd](#)
[TransactPay](#)
[TransferGo Ltd](#)
[TransferMate Global Payments](#)
[TrueLayer Limited](#)
[Uber BV](#)
[Unzer Luxembourg SA](#)
[VallettaPay](#)
[Vitesse PSP Ltd](#)
[Viva Payments SA](#)
[Weavr Limited](#)
[WEX Europe UK Limited](#)
[Wise](#)
[WorldFirst](#)
[Worldpay](#)