

financial services

Report into consumer representation in the
payments sector

Executive Summary

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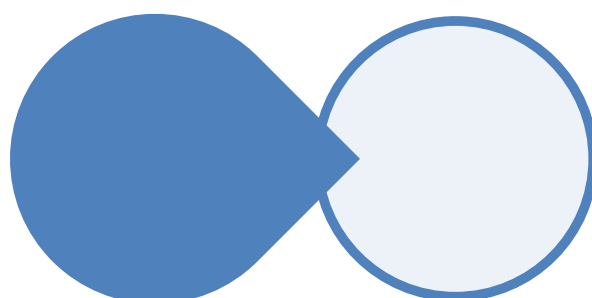
Executive summary

Context

The financial services market is complex and power is traditionally weighted in favour of providers. This asymmetry of power and information can be to the detriment of consumers. Effective consumer representation can help rebalance the asymmetry of power in the market, bring clarity to the issues faced by consumers and help prioritise areas to address problems and forward plan effectively.

A number of recent developments have focused attention on how the interests of consumers can best be represented in the payments sector. These include the introduction of the Payment Systems Regulator (PSR); the introduction of the Payment Services Directive 2 (PSD2); and the Competition and Market Authority's (CMA) proposal to introduce consumer representation in its decision-making.

Drivers for consumer representation in the payments sector



- Payment Systems Regulator objectives
- Payments Strategy Forum proposals for PSD2
- EU legislation: PSD2
- CMA Unconvinced
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The research

The research aims to identify ways in which the availability and quality of payment services can be improved in the context of the current regulatory environment. The research will also identify areas where consumers remain at the centre of deliberation about how to develop solutions and use it with the effective representation of consumers.

We defined a 'consumer' as anyone who uses a payment service. In adopting this definition, we are including 'potential consumers' who do not have access to a service or have not yet

Payment System Operator, Current Account Switch
Implementation Entity:

- (1) individual consumer representation where a single representative is for
- (2) some form of collective forum consisting of consumer representatives such as

~~A mix of both representative models such as a collective forum was considered for~~
~~But consumer experts suggested that what was~~
~~-focused culture.~~

Attracting consumer representatives to the industry
Interviewees noted

2. Consumer representation should ideally be structured to include both board and collective forum representatives and supplemented by direct outreach to other stakeholders.

3. Consumer representation structures should be adequately resourced to rebalance power between the industry and the consumer. The consumer engagement strategy must include the allocation of resources to attract and pay consumer representatives, enable research and provide administrative support.

4. The role and way of working of consumer representatives should be transparent and influential. In order to promote transparency, key representative objectives, performance information, minutes of meetings and annual reports should be made publicly available.

5. It is important to appoint and develop effective consumer representatives. Training and capacity building should be provided.

6: The effectiveness of consumer representation should be evaluated. Clear, measurable objectives should be set for the organisation's approach to consumer engagement and consumer representation.

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