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By email: cp18-25@fca.org.uk

Dear Jack,

CP18/25: Approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive (PSD2)

The Financial Services Consumer Panel welcomes the opportunity to respond to the FCA's consultation CP18/25: Approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive (PSD2).

The Panel is supportive of the FCA's overall direction, in particular:

1. **Redirection** - The Panel believes that there are considerable security advantages to consumers from redirection i.e. where a consumer using an AISP/PISP is redirected to their ASPSP's website to enter their credentials directly, rather than sharing them with the third party provider. As the Panel made clear in its response to the recent EBA consultation on Draft Guidelines on the conditions to be met to benefit from an exemption from contingency measures¹, we do not agree with some critics that redirection should be regarded as an obstacle. Indeed, we believe that this would be wholly counter to the spirit of PSD2, which is about offering consumers choice of services while improving security and standards of authentication. Consumer choice and empowerment are welcome, but this should not be at the expense of security.
2. **Contingency mechanism** – The Panel supports the FCA proposal that ASPSPs should provide dedicated interfaces that meet certain standards, and have been used successfully for three months, before seeking an exemption. This also supports the FCA's stance to encourage ASPSPs to comply with PSD2 by implementing standardised APIs, such as those developed by the Open Banking Implementation Entity (OBIE). The use of standardised APIs will deliver benefits for both market participants and consumers.
3. **Strong customer authentication** – We agree with the FCA's proposed approach on strong customer authentication (SCA) requirements and associated exemptions. We are aware that SCA potentially adds an element of friction into some customer journeys, but this is offset by the additional layer of security. Overall, it should help prevent fraud and enhance consumers' trust in payments systems.

¹ https://www.fs-cp.org.uk/sites/default/files/fscp_response_to_eba_draft_guidelines_on_exemption_-_august_2018.docx_.pdf

Yours sincerely,

Sue Lewis
Chair, Financial Services Consumer Panel