
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations transpose in part Directive 2015/2366/EU of the European Parliament and of the Council of 25th November 2015 on payment services in the internal market, amending Directives [2002/65/EC](#), [2009/110/EC](#) and [2013/36/EU](#) and Regulation (EU) No. 1093/2010, and repealing Directive [2007/64/EC](#) (OJ L 337 23.12.2015, p.35) also known as the Revised Payment Services Directive or “PSD2”. The Financial Conduct Authority (“FCA”) is responsible for transposing other parts of PSD2. A transposition note setting out how PSD2 will be transposed into UK law is published with the Explanatory Memorandum to these Regulations on legislation.gov.uk.

PSD2 repeals and replaces Directive [2007/64/EC](#) of the European Parliament and of the Council of 13th November 2007 on payment services in the internal market amending Directives [97/7/EC](#), [2002/65/EC](#), [2005/60/EC](#) and [2006/48/EC](#) and repealing Directive [97/5/EC](#), also known as the Payment Services Directive or “PSD1” (OJ L 319 5.12.2007, p.1). Likewise these Regulations revoke and replace the Payment Services Regulations 2009 (S.I. 2009/209), which in large part transposed PSD1 into UK law (see regulation 157 and Schedule 9 of these Regulations).

The Regulations set out a regulatory regime for providers of payment services, restrict the provision of payment services as a regular business to certain types of entities (“payment service providers”), and require the authorisation or registration of providers of payment services which do not otherwise have the status of payment service provider. The services subject to regulation, and excluded services which are not subject to regulation, are set out in Schedule 1.

Part 2 and Schedule 2 provide for authorisation and registration under the Regulations, including the conditions and procedure for authorisation or registration.

Part 3 and Schedule 3 contain provisions which apply to entities authorised under the Regulations but, with some limited exceptions, do not apply to entities registered under the Regulations. The Part includes requirements relating to capital, safeguarding of customers' funds and outsourcing of functions, and sets out the procedure for the exercise of the right under PSD2 for authorised entities to provide payment services in other EEA states.

Part 4 contains provisions which apply to entities authorised and registered under the Regulations, and includes restrictions on the activities which such entities can carry on alongside the provision of payment services and the use of agents to provide payment services.

Part 5 requires entities which provide services which are excluded from regulation as payment services to notify the FCA that they are providing such services.

Part 6 and Schedule 4 contain requirements for payment service providers to provide to their customers information about the terms on which services are provided and about individual transactions.

Part 7 contains provisions about the way in which payment services are to be provided, including the way in which transactions are to be authorised, the timing of transactions, the interaction between these Regulations and the Consumer Credit Act 1974 (c. 39), and liability in the event of a problem arising with a transaction. This Part also contains provisions relating to account information services and payment initiation services, which are types of payment services which are not regulated under PSD1.

Part 8 contains provisions relating to access to payment systems and to bank accounts for payment service providers.

Part 9 and Schedules 5 and 6 provide for the FCA to monitor and enforce compliance with many of the requirements of the Regulations, and provides powers for it to do so, including power to make rules in connection with the provision of payment services by entities authorised or

Status: Point in time view as at 18/09/2023.

Changes to legislation: The Payment Services Regulations 2017 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

registered under these Regulations using its powers in the Financial Services and Markets Act 2000 (c. 8).

Part 10 provides for the Payment Systems Regulator to monitor and enforce compliance with some of the requirements of the Regulations.

Part 11 contains transitional arrangements for entities which already provide payment services, including those which are authorised or registered under the Payment Services Regulations 2009. Schedule 7 makes provision in relation to Gibraltar.

Schedule 8 makes amendments to legislation which include—

- amendments to ensure the availability of the Financial Ombudsman Service in relation to payment services;
- amendments to consumer rights legislation prohibiting the charging of fees for the use of certain types of payment for certain transactions, and giving enforcement functions to trading standards authorities;
- amendments to the Electronic Money Regulations 2011 (S.I. 2011/99) to align many of the provisions of those Regulations with the provisions of these Regulations, as required by PSD2; and
- various consequential amendments.

A full impact assessment of the effect that these Regulations will have on the costs of business and the voluntary sector is available from Her Majesty's Treasury, 1 Horse Guards Road, London SW1A 2HQ and will be published with the Explanatory Memorandum to these Regulations on legislation.gov.uk.

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