

Payment Services Directive II (PSD II)



As you know the Second Payment Services Directive was implemented into UK law on 13 January 2018 through the Payment Service Regulations 2017 (PSR). It replaced the existing Payment Service Regulations 2009 and amended the Electronic Money Regulations 2011 (EMR). The changes to the EMR included narrowing of the scope of gift card programmes that could benefit from the so called Limited Network Exclusion (LNE). It also introduced an obligation on issuers of programmes operating under the LNE to notify the Financial Conduct Authority (FCA) about the programmes operated.

Guidance issued by the FCA stated that issuers whose gift cards were issued and accepted by the same legal entity (closed loop programmes) should notify the FCA about their programmes. When the guidance was published, the UKGCVA queried this obligation with the FCA on the basis that the EMR does not apply to such closed loop programmes (it should not be treated as e-money and so the LNE is not relevant to them) nor does the PSR apply. In March, the FCA contacted stakeholders to the PSD2 group (which includes the UKGCVA) seeking feedback on a proposal to amend its Guidance on the LNE. The proposal is that notifications would not be expected from issuers of gift cards (such as retailers who issue their own gift cards) where the issuer is the only possible beneficiary when the gift card is spent.

Naturally, the UKGCVA has formally submitted its support to this proposal and for Guidance to be amended accordingly. As and when we hear further on this matter we will provide an update.

Thursday 10th May 2018