




PAYMENTS INNOVATION FORUM

How safe is your money?

A closer look at how non-bank
payment service providers protect
your money





It is important for you to know how payment service providers protect your money and what happens if they go out of business



There are many different ways to make payments

You may be making payments through your bank or a non-bank payment service provider. Banks and non-banks protect your money in different ways:

Traditional high-street banks protect your money through the Financial Services Compensation Scheme (FSCS) whereas certain types of non-bank payment service providers protect your money through a process known as 'safeguarding'

Both the FSCS and safeguarding offer you a good level of protection



Who provides non-bank payment services?

There are a range of non-bank payment service providers, including:

- **Electronic money institutions** (EMIs) can provide regulated payment services that offer many of the same features as a traditional high-street bank, including accounts that can be used in much the same way as a traditional current account, app-based payment services, and prepaid cards that can be used in much the same way as a traditional debit card
- **Authorised payment institutions** (APIs) can also provide a range of regulated payments services. A type of API you could use may be a money remitter, which sends money around the world
- **Small payment institutions** (SPIs) can provide the same services as APIs, but as they handle smaller amounts of money, they have fewer rules to follow



How to tell if your payment service provider is a non-bank

Some non-bank payment service providers may operate under different brand names. This means that the company that is registered and authorised by the Financial Conduct Authority may have a different name to the one you are dealing with

The [Financial Services Register](#) will tell you whether the provider you are dealing with is a bank or non-bank provider. Because brand names are not always listed on the register, you should look for the name of the company operating behind it. This information can normally be found at the bottom of the providers' website and in their terms and conditions.

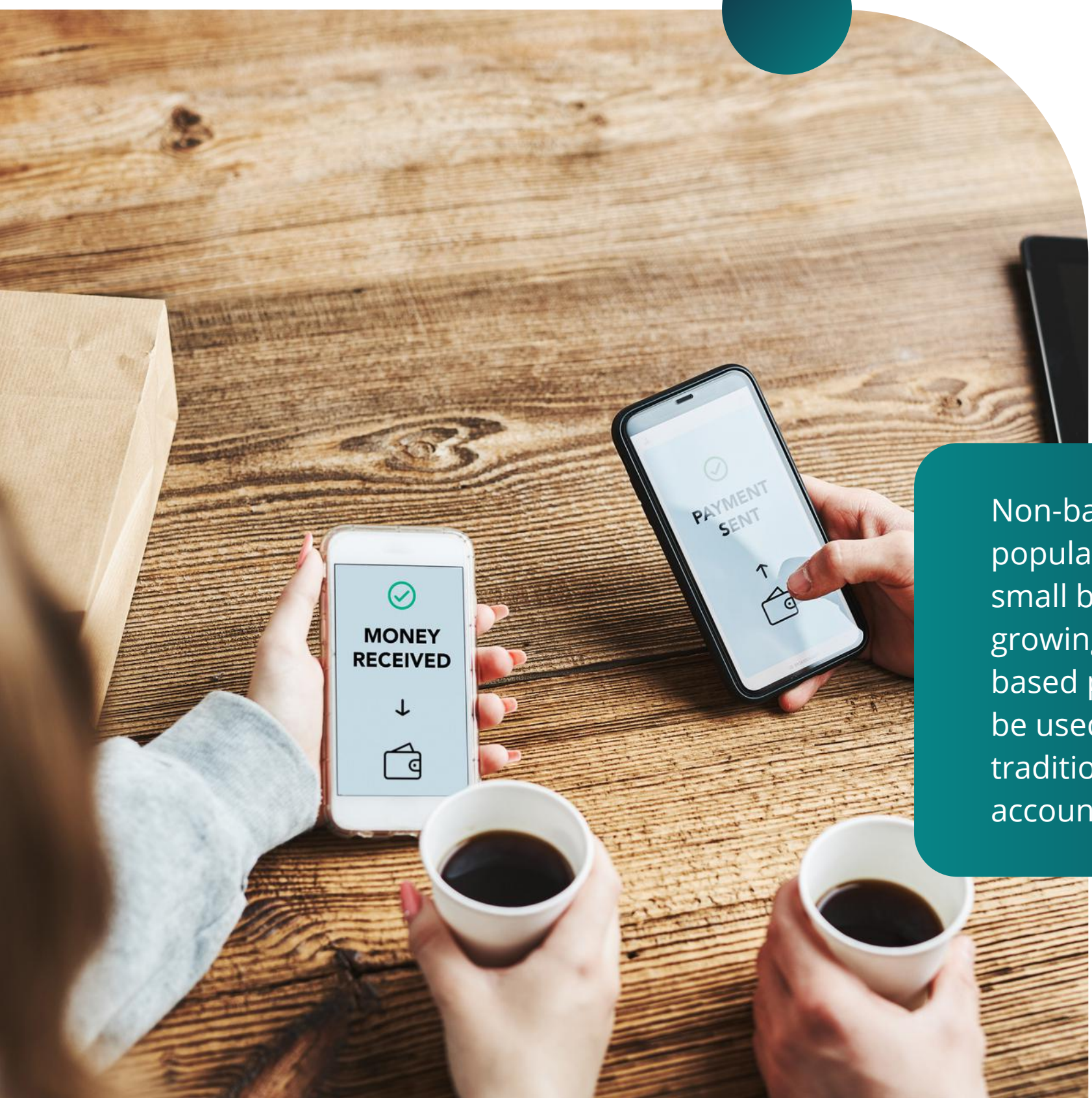


Who uses non-bank payment services?

Non-bank payment services are used every day by consumers and businesses. They are also used by government departments and many local authorities

Non-bank payment services are a popular choice for consumers and small businesses who are choosing a growing range of digital and app-based payment accounts which can be used in much the same way as a traditional current or business account

Charities, local government authorities and public sector organisations are choosing non-bank payment service providers to get emergency, welfare and other payments to people in need





What is safeguarding?

EMIs and APIs protect your money through a process known as 'safeguarding'

This means they must, by law, keep your money separate from their own money by placing it in a safeguarding account with a bank, or protect it with an insurance policy or similar guarantee.

EMIs and APIs are not allowed to use your money for any other purpose



What is the Financial Services Compensation Scheme?

Because banks can use your money for other purposes, the FSCS acts as an insurance guarantee

If your bank goes out of business, the FSCS will protect your money up to £85,000 per customer. You are guaranteed to receive up to this amount of money back, normally within 7 days

It is important to remember that if you have money in several accounts with banks that are part of the same banking group (and share a banking license) they are treated as one bank. This means that the £85,000 compensation limit only applies to the total you hold across all these accounts, not to each separate account



How does safeguarding differ from the FSCS?

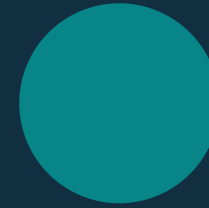
With safeguarding, there is no limit on the amount of money that can be repaid to you, but it could take longer than it would with a bank

It is important to remember that if your non-bank payment service provider goes out of business, administrators would be appointed to return the safeguarded funds back to you. This means that you should get all your money back, except for any costs deducted by the administrators for returning the money to customers

If you are unsure about how your money is protected, you should check your provider's website, FAQs and Terms and Conditions.



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