

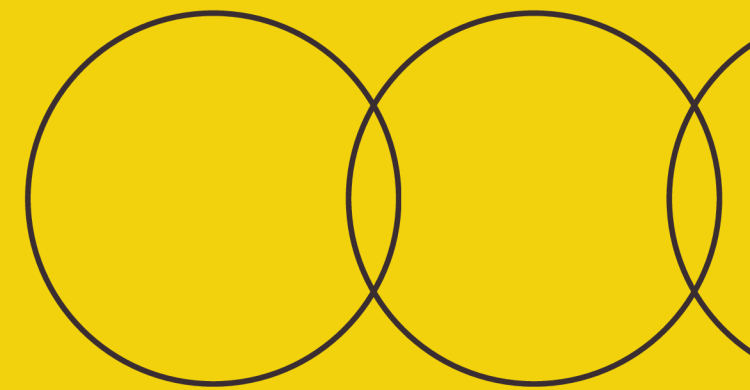
# FCA EMI Regulatory Guidebook

Introduction : Your Regulatory Obligations  
January 2026



# Purpose of the Guidebook

As of early 2026, the Financial Conduct Authority (FCA) has shifted from a reactive supervisory model to an outcome-focused regime. This guidebook is designed to provide the Board of Directors and Senior Management with a clear roadmap to navigate this environment.



# FCA Regulation Overview

Core Regulatory Pillars for Electronic Money Institutions



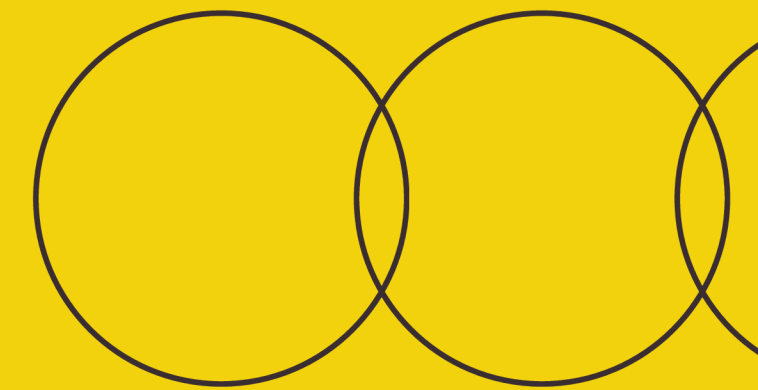
## Electronic Money Regulations 2011 (EMRs)

Governance of e-money issuance and prudential requirements (capital/safeguarding)

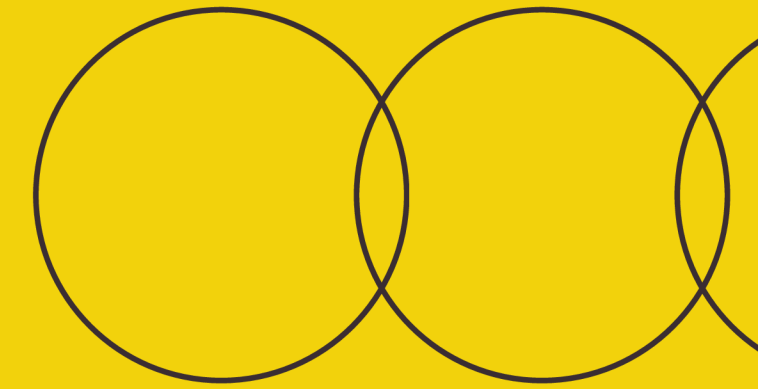


## Payment Services Regulations 2017 (PSRs)

Rules for payment execution and conduct of business.



# FCA's Regulatory Focus



## Safeguarding Rules

Safeguarding Rules are essential for protecting customer funds, ensuring they remain secure in the event of insolvency. This regulation requires that all customer funds must be safeguarded upon receipt, utilizing either segregation or insurance as a means of protection. Daily reconciliations are necessary to verify that safeguarded funds align with liabilities, thus maintaining financial integrity.



## Consumer Duty Framework

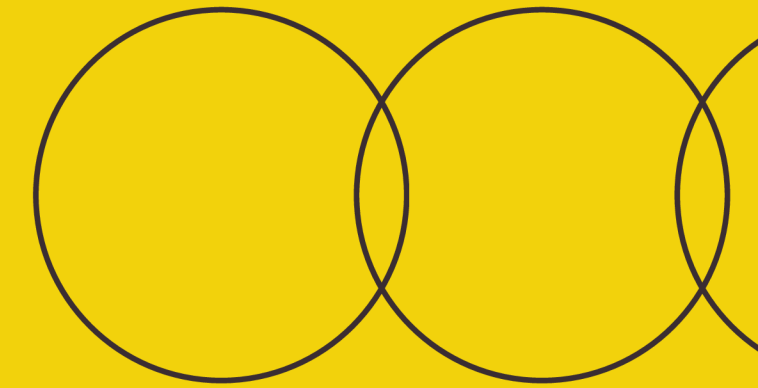
The Consumer Duty Framework aims to ensure good customer outcomes by replacing the previous Treating Customers Fairly (TCF) principle with a proactive approach. This framework includes four key outcomes, ensuring that products and services meet market needs, prices are fair, communication is clear, and customer support is accessible without barriers. Regular reviews are essential for monitoring compliance and effectiveness.



## Financial system integrity (Crime & Fraud)

This outcome focuses on ensuring that firms do not compromise the integrity of the financial system by failing to manage financial crime and fraud risks effectively. It mandates a shift from viewing fraud as a simple operational loss to a critical liability risk, driven by the implementation of Specific Direction 20 (APP Scam reimbursement) and Specific Direction 17 (Confirmation of Payee). The Board is held accountable for maintaining robust controls to prevent the firm's infrastructure from being exploited by criminal actors.

# Safeguarding Rules



## Purpose of Safeguarding

Protecting customer funds is essential for ensuring financial stability during insolvency events and safeguarding consumer trust in EMI operations.



## Daily Reconciliations

Daily reconciliations are necessary to match safeguarded funds with liabilities, ensuring accuracy and compliance with regulatory requirements.



## Key Safeguarding Options

Customer funds must be protected through either segregation of accounts or insurance guarantees to mitigate financial risk effectively.



## Upcoming Regulatory Changes

Transitioning to a Statutory Trust model will enhance protection for customer funds, alongside implementing the Safeguarding Resolution Pack (SGRP).

# Operational Implications

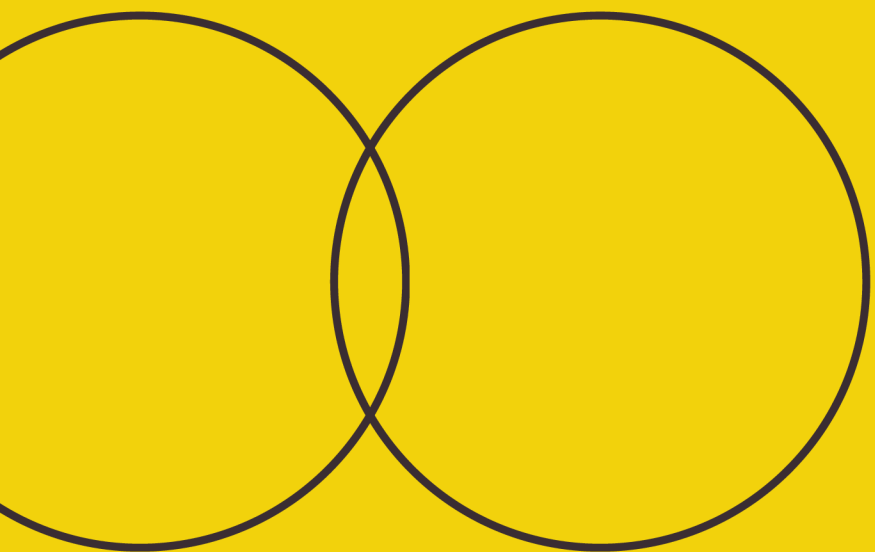
Key impacts on safeguarding compliance processes

## Record-Keeping Enhancements

Enhanced record-keeping is vital for ensuring that customer funds are accurately safeguarded and reconciled, reducing potential risks and maintaining compliance with FCA regulations effectively.

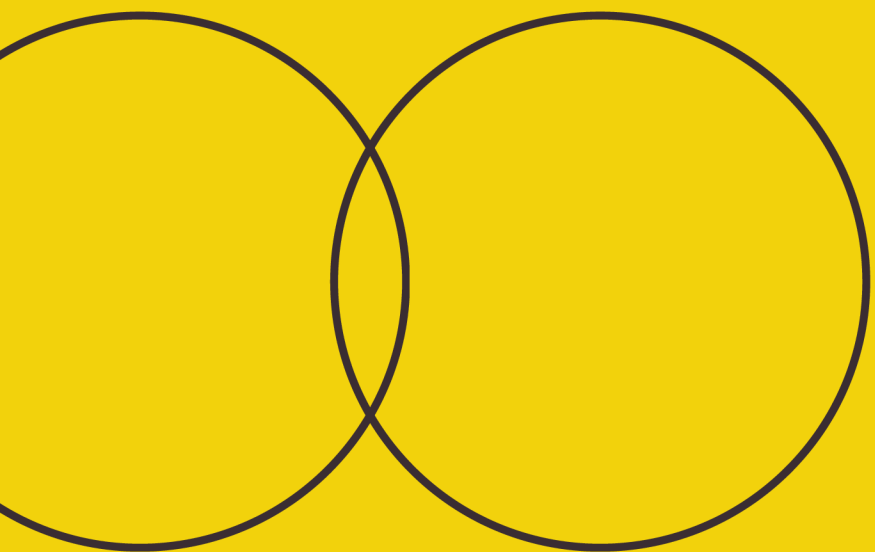
## Legal Trust Updates

Legal trust wording in safeguarding documentation must be updated to align with regulatory requirements, ensuring clarity and compliance in protecting customer funds during insolvency scenarios.



# Consumer Duty Framework

Ensuring positive outcomes for all  
customers



## Proactive Duty

This replaces the Treating Customers Fairly framework, focusing on better customer protection and outcomes through proactive compliance measures.

## Market Fit

Products and services must be tailored to meet the specific needs of the target market, promoting fairness and suitability.

## Pricing Transparency

Fair pricing practices include annual assessments to ensure clear communication of costs, enabling consumers to understand value received.

# Consumer Duty Framework

## Four Outcomes

### Consumer Understanding

Are your Terms & Conditions and marketing materials clear? Can a customer explain what they are signing up for?

### Products and Services

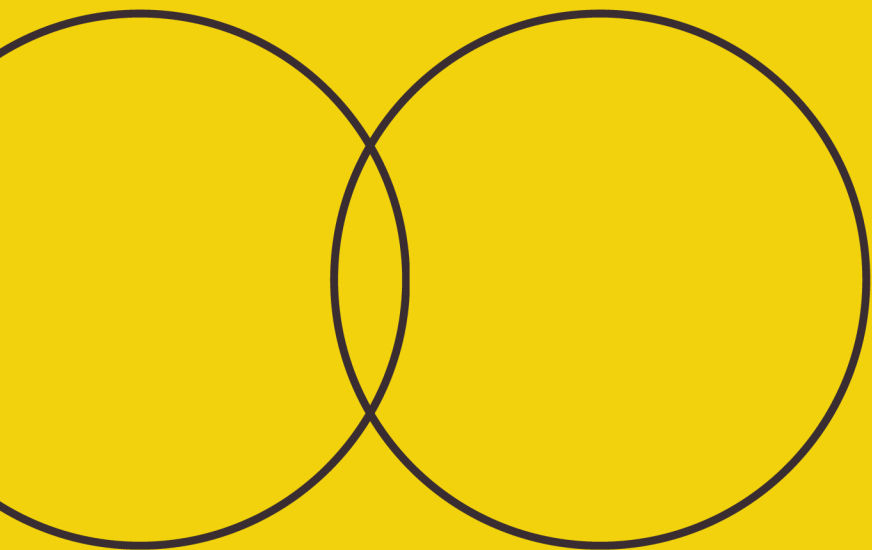
Are your e-money accounts designed for a specific target market, and do they actually meet those customers' needs?

### Price and Value

Is there a reasonable relationship between the price a customer pays (fees/FX markups) and the benefits they receive? You must produce a Fair Value Assessment annually.

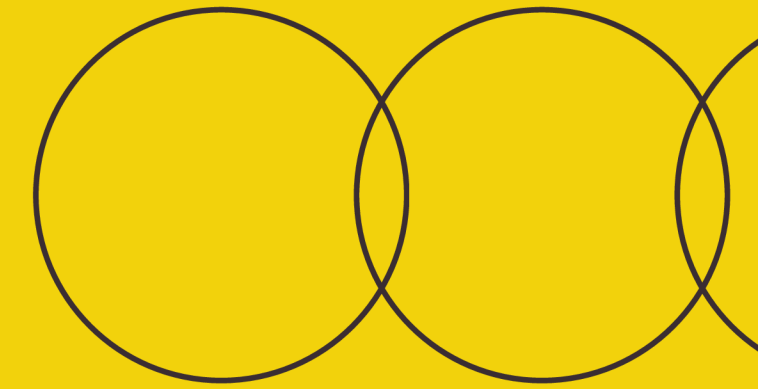
### Consumer Support

Is it as easy to close an account or complain as it was to sign up? You must not have "sludge scales" (intentional friction) that prevent customers from acting in their own interest.



# Consumer Duty Framework

Key impacts on implementing consumer duty



## Consumer Support

Ensuring **consumer support without barriers** is vital for fostering trust and loyalty in financial services for all customers.

## Design Transparency

Embedding **customer-centric design** principles ensures that all products meet the needs of the target market without unnecessary complexities or obstacles.

## Annual Review

Conducting an **annual Board review** of Consumer Duty outcomes is essential to assess compliance and improve customer-centric strategies effectively.

## Outcome Reporting

Implementing **measurable outcome reporting** enhances governance oversight, allowing firms to track their performance and adjust strategies as needed.

# APP Scam Reimbursement

Protecting Consumers Against APP  
Fraud Risks

## Purpose

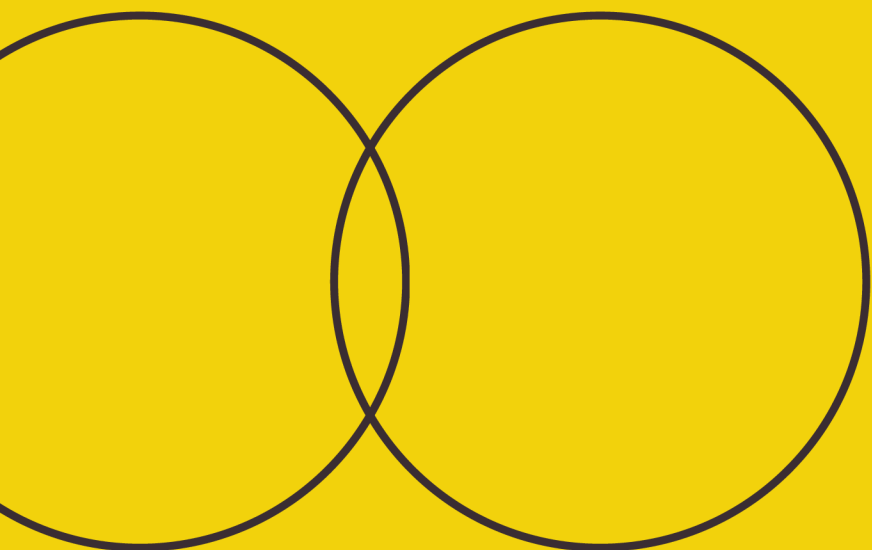
The primary aim is to protect consumers from APP fraud, ensuring their financial security and trust in payment systems.

## Reimbursement Process

Mandatory reimbursement must occur within 5 business days for Faster Payments, ensuring rapid consumer recovery from fraud incidents.

## Liability Split

A 50/50 liability split between sending and receiving Payment Service Providers encourages shared responsibility in fraud prevention and resolution.



# APP Scam Reimbursement

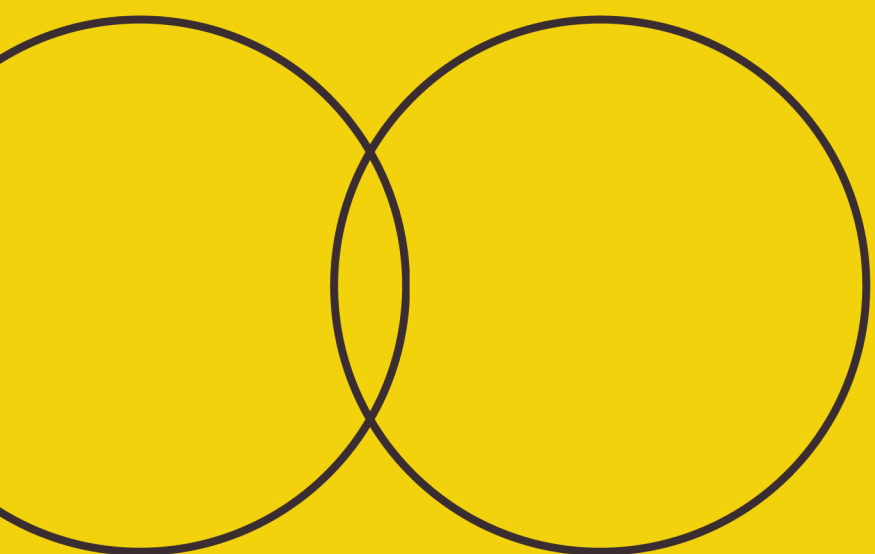
## Operational Requirements for Effective Fraud Protection

### Strengthen KYB Processes

Enhancing **Know Your Business** processes is essential to ensure thorough vetting of customers, reducing vulnerability and enabling prompt identification of suspicious activity to mitigate fraud risks.

### Enhance Monitoring Systems

Upgrading transaction monitoring and fraud detection systems is crucial for rapidly identifying irregularities, ensuring timely responses, and safeguarding customer funds against Authorised Push Payment (APP) scams effectively.



# Confirmation of Payee

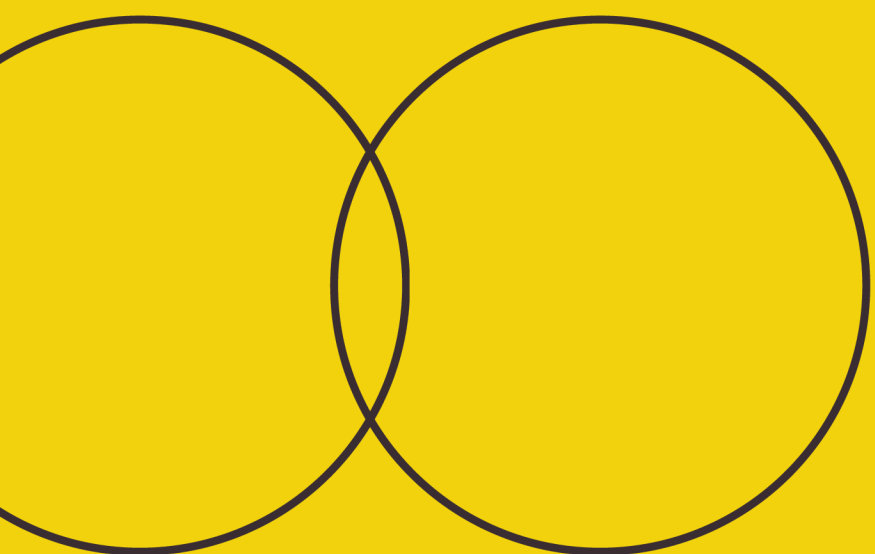
Preventing Misdirected and Fraudulent Payments for EMIs

## Purpose of CoP

Confirmation of Payee (CoP) aims to prevent misdirected payments and fraud by providing a name-checking service, ensuring accurate recipient identification for financial transactions.

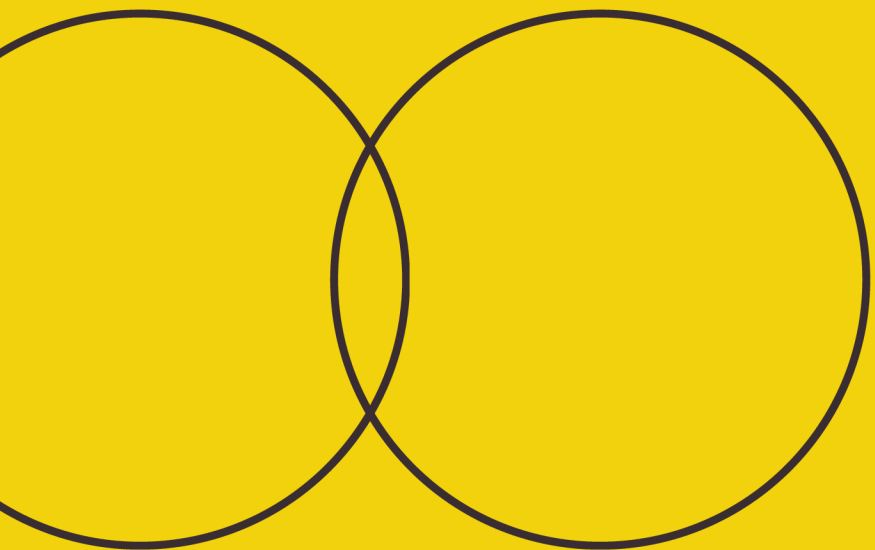
## Implementation Mandate

All Electronic Money Institutions (EMIs) are required to implement CoP APIs for verification requests, enhancing transaction security and consumer trust in payment processes.



# Confirmation of Payee

## Operational Implications and Integration for EMIs



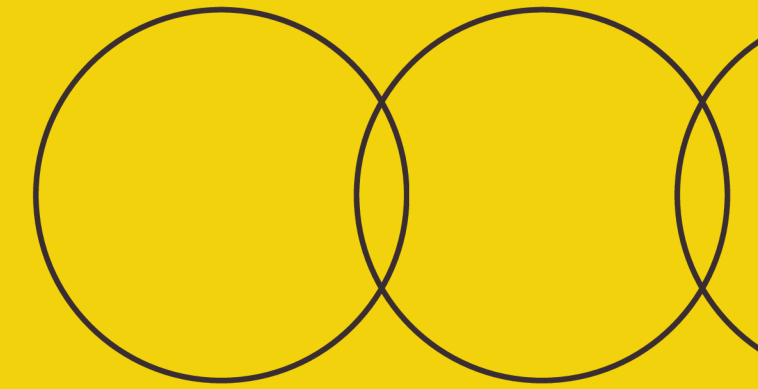
### Technical Integration

EMIs must ensure seamless **integration** with the Confirmation of Payee (CoP) infrastructure, enabling efficient verification requests and responses to minimize misdirected payments and enhance transaction security.

### Customer Education

It is vital to provide comprehensive **education** for customers regarding alerts and payment verification processes, promoting awareness of potential risks and encouraging responsible payment practices to enhance consumer trust.

# Upcoming Regulatory Changes



01

**May 2026 -**

New UK Safeguarding Regime (CP24/20 Implementation)

- Daily Internal Reconciliations
- The "Resolution Pack"
- Statutory Trust



02

**March 2026 -**

Operational Resilience: The "Supervisory Testing" Era

- FCA is shifting from reviewing plans to testing actual resilience.
- Annual mapping and testing of "Important Business Services"



03

**Late 2026 -**

EU PSD3 & PSR: The Cross-Border Ripple Effect

- SCA Evolution
- Access to Systems
- Liability

# Compliance Priorities



01

Maintain robust safeguarding processes with daily reconciliations for compliance.



02

Board to review and approve an assessment of how the firm is delivering four Consumer Duty outcomes



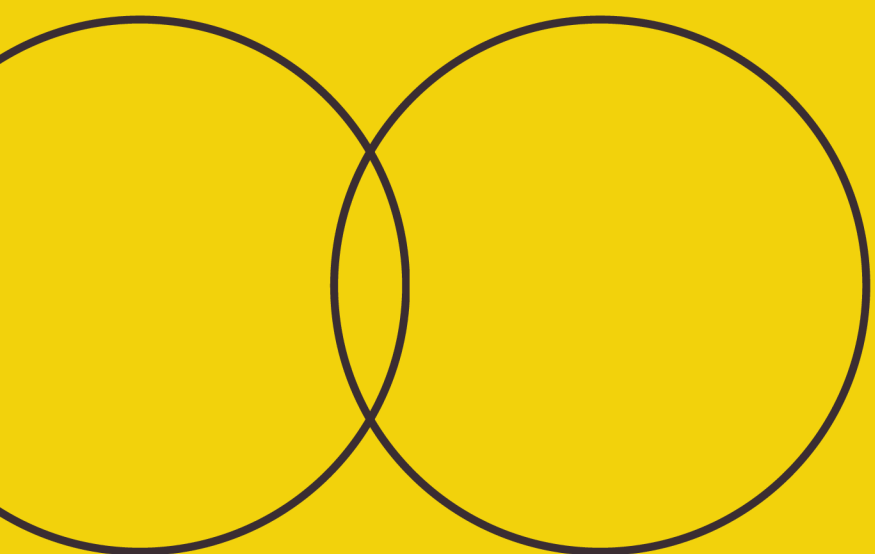
03

Integrate Confirmation of Payee APIs to prevent payment misdirection.

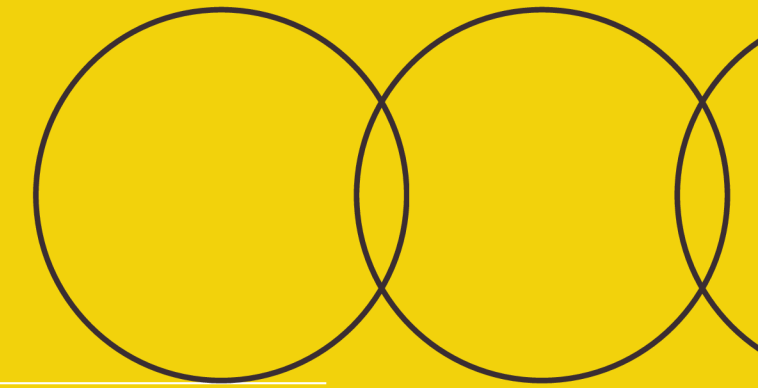


04

Implement APP scam reimbursement processes to enhance consumer protection.



# Mandatory Policy Checklist



Category	Policy Name	Suggested Owner
Governance ▾	Governance Framework & ToR	 CEO ▾
Governance ▾	EMI Individuals Maintenance	 Compliance ▾
Governance ▾	Conflicts of Interest	 Compliance ▾
Fraud & Ops ▾	Fraud Prevention (SD17/20)	 Head of Fraud ▾
Fraud & Ops ▾	Incident Management	 COO ▾
Fraud & Ops ▾	Outsourcing / Vendor Risk	 COO ▾
Fraud & Ops ▾	Operational Resilience	 COO ▾
Prudential ▾	Safeguarding Policy	 CFO ▾
Prudential ▾	Wind-Down Plan	 CFO ▾
Prudential ▾	Capital Adequacy	 CFO ▾
Conduct ▾	Consumer Duty Framework	 Compliance ▾
Conduct ▾	Vulnerable Customers	 Customer Support ▾

# Contact Information & Next Steps



Email

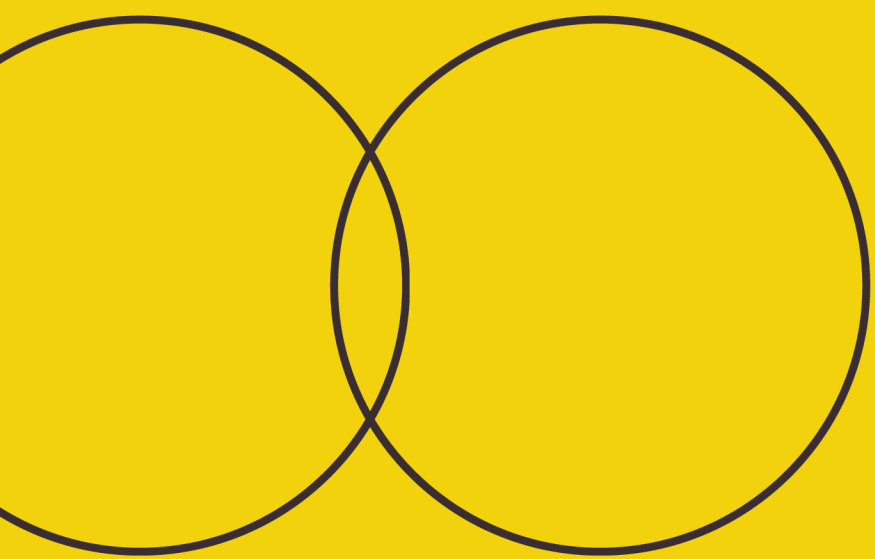
[iamkenneth@ymail.com](mailto:iamkenneth@ymail.com)

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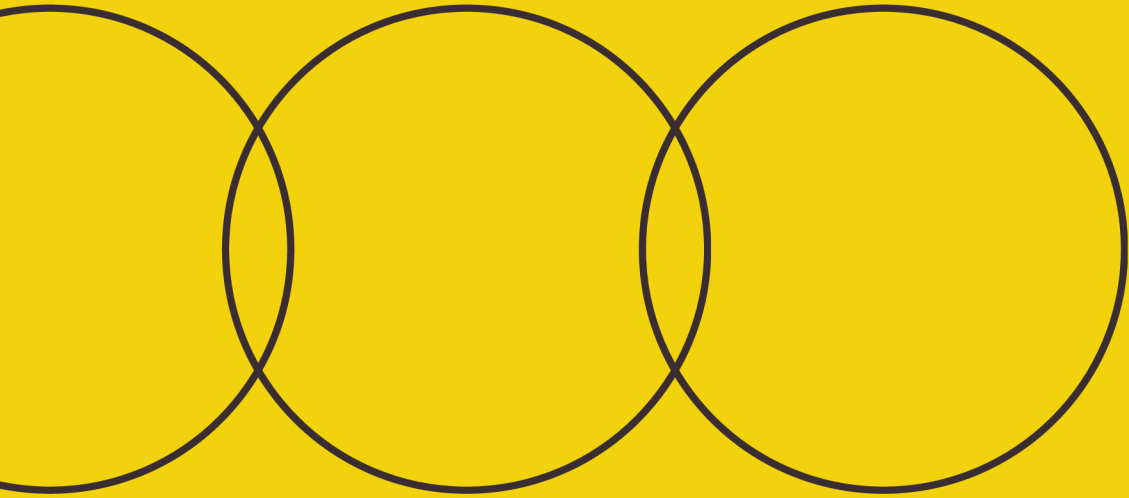
[@kennethwongch](#)

Youtube

[@ComplianceGuy](#)



# Thank You



We appreciate your reading of this FCA EMI Regulatory Guidebook.

Key Takeaways:

- Understanding the core compliance pillars is crucial for EMIs.
- Proactive measures enhance operational effectiveness and customer protection.
- Continuous compliance ensures alignment with FCA's evolving regulations.

For any further inquiries or discussions, please feel free to reach out.

Thank you for your attention!

## **DISCLAIMER & COPYRIGHT NOTICE**

**Regulatory Status:** The information contained in this guidebook is correct as of January 22, 2026. Regulatory requirements, including FCA and PSR rules, are subject to rapid change and all items discussed are based on current consultation papers and implementation timelines.

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