

Incentivize financial firms to prevent payment frauds, UK sector regulator urges

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By [Abhishek Kumar](#)

Incentivizing financial service providers is the best way to prevent authorized push payment frauds, the managing director of the UK's Payment Systems Regulator told a conference today. Calling for a fundamental shift in the approach to tackling APP fraud, Chris Helmsley said the regulator will prescribe a minimum standard of protection for every individual and incentivize firms to act under new rules set to take effect from Oct. 7.

Incentivizing financial service providers is the best way to prevent authorized push payment frauds, the managing director of the UK's Payment Systems Regulator told a conference* in London today.

"We know that because they are telling us that our recent transparency measures have caused them to act and they are having an impact," Chris Helmsley said.

The regulator's transparency measures which came into effect last year require payment system providers to publish details on APP frauds, including the proportion of victims not being reimbursed, and rates of frauds at sending and receiving firms.

Calling for a fundamental shift in the approach to tackling APP fraud, he said the regulator will prescribe a minimum standard of protection for every individual and incentivize firms to act under new rules set to take effect from Oct. 7.

"With our powers we've included all firms in Faster Payments in these new regimes," Helmsley said. The Faster Payment System offers central infrastructure to allow real-time payments, primarily initiated online or by phone, for account holders with banks and non-banks.

Under the new rules, individuals using financial services will be covered for minimum standards of fraud protection and there will be no provision to opt out under the new rules and reimbursement costs will be split between sending and receiving firms.

Helmsley also called for enhanced data sharing to enable early detection and prevention of frauds, paving the way for a step change in the approach to fraud prevention.

He said despite regulatory interventions preventing financial frauds to some extent last year, more needed to be done and this year should see the regulator make significant strides.

The Payment Systems Regulator and the Bank of England will work closely to ensure that the new rules are applied uniformly and there is more transparency on how firms respond to new regulatory challenges.

"We want these incentives and these protections for consumers to be delivered as soon as possible. But of course, we have to be realistic that there is a lot to do," Helmsley said.

He also urged telecom and social media providers to do more to prevent APP frauds. "As the regulator cannot introduce financial incentives on fraud origination, we remain firmly of the view that social media and telecoms firms can and should do more to prevent APP frauds," Helmsley added.

**Payments Regulation and Innovation Summit 2024, City and Financial Global, Jan. 25, 2024.*

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