Proskauer

PSR and FCA Launch Joint Inquiry into Big Tech Digital Wallets

Regulatory & Compliance on **July 24, 2024**

On 15 July 2024, the UK's Payments Systems Regulator ("**PSR**") and the Financial Conduct Authority ("**FCA**") launched a joint call for information concerning the role and impact of big tech digital wallets (the "**Inquiry**"). Digital wallets are now used by over half of UK adults, marking a significant shift in the payments landscape.

The Inquiry seeks to gather insights into how digital wallets affect the efficiency and safety of payment systems, competition among payment service providers and overall market dynamics. The regulators aim to understand both the benefits these wallets bring to consumers and merchants, such as convenience and enhanced security features, as well as potential risks like market dominance by a few large players and implications for consumer data privacy. The FCA's regulatory remit means that it has a particular interest in issues such as how digital wallets may impact competition in the supply of financial services and the operational resilience and systemic safety of the UK financial services sector.

For Consumers: The Inquiry will address the benefits and potential risks related to convenience, security, and data privacy.

For Merchants: The focus will be on how digital wallets influence transaction processes, costs, and customer experience.

For Payment Service Providers: The Inquiry seeks to understand the competitive dynamics and innovation within the payments industry.

For Big Tech Companies: The focus will be on the role of these companies in the payments ecosystem and their market influence.

This Inquiry builds on the PSR's previous work on contactless mobile payments and the FCA's work on big tech activity in financial services.

Stakeholders are invited to submit their feedback by 13 September 2024. The feedback will shape future regulations, ensuring a balanced approach that fosters innovation while protecting consumers and maintaining fair competition. The PSR and FCA plan to publish a summary of the feedback and outline next steps in Q1 2025.

View original.

Related Professionals

- **John Verwey**
  Partner
- **Rachel E. Lowe**
  Partner
- **Sulaiman I. Malik**
  Associate
- **Michael Singh**
  Associate