

# PSD2: ARE YOU READY?

Payment Services Directive 2 (PSD2) has the potential to impact complaints operations and increase operational expense.

The EU directive requires member states to resolve payment service related complaints within 15 days. The directive outlines a payment service as “services enabling cash to be deposited in or withdrawn from, for example, a bank account, as well as the operations required to operate the account. This can include transfers of funds, direct debits, credit transfers and card payments.” What it doesn’t do is outline what exactly a payment service complaint is. Do you receive payment service complaints? Do you know how many? The answer to these questions could seriously impact the complaints operation.

Firms should model both best and worst case scenarios. The best case is easy: a firm that does not have exposure to payment services. The worst case could be to take a pragmatic view and model the entire operation to understand your exposure should you need to comply with the legislation when it comes into effect in January 2018.

15 days is a challenge considering the time allowed currently. However, last year Ireland’s Department of Finance consulted on the directive and is considering “more advantageous” complaint handling rules for the consumer, e.g. less than 15 days. This would suggest that your operational modelling should flex with tighter timeframes.

## INSIGHTS FROM REGULATORY CHANGE

Taking a head in the sand approach to inevitable regulatory change is a false economy.

In 2016 the Financial Conduct Authority (FCA) introduced regulatory change which was signposted by way of thematic reviews and consultation papers as well as from firms involved in working groups - yet firms took a wait and see approach and did not react until the regulation was enacted. The net effect was a small window in which to overhaul entire complaints processes, people and technology. Many had no option but to adopt a ‘band-aid’ approach to simply meet the deadline, after which a long-term approach was adopted, invariably not retrieving the initial spend.

The morale of the story is to avoid being that firm with its head in the sand, consider your options now. Taking a longer term view early on will prevent unnecessary operational expense further down the line.