





# EXECUTIVE SUMMARY



Authorised payment institutions (APIs), E-Money institutions (EMIs) and other non-bank payment service providers are legally obliged to protect customer funds, a practice known as 'safeguarding'. It's a topic that is top of mind for the regulators across Europe who are focused on protecting consumers. In the UK, recent actions by the FCA have included a 'Dear CEO' letter issued in July 2019 detailing their findings from a multi-firm review, followed by further guidance issued in December 2019 focusing on the use of insurance in safeguarding.

Most firms deploy the segregation method, which sounds simple enough but it's a more complicated picture. The payment flow, foreign exchange and separation of non-relevant funds can each introduce an uncertainty and complexity that makes it difficult to be fully confident about which funds require segregation and for how long. Many payment service providers (PSPs) are tying up more cash than they need to and depleting their operational funds. Or, worse, they are not compliant with the regulations potentially leading to dire consequences that include fines, loss of licence, criminal prosecution and loss of customer funds.

Some PSPs, particularly EMIs, who hold significant amounts of segregated funds can see an opportunity to improve capital efficiency and as a result are considering other complementary methods of safeguarding. This can allow firms to move customer funds into more efficient low risk investment vehicles.

These are all reasons why, for almost two years, Protean Risk worked with PSPs, regulators, insurance underwriters and law firms to develop a credible, feasible, safeguarding insurance policy. Launched in mid-2019 our PSD Bond was the first and is still the only safeguarding insurance policy available in the market.

PSD Bond has a huge role to play in making safeguarding work better for the benefit of all stakeholders in this complex and fast-evolving sector. It's being used by an increasing number of APIs and EMIs, including some of the largest and well-known brands.

Firms purchasing safeguarding insurance are finding that by using insurance as a complementary safeguarding method they are saving money, improving capital efficiency, alleviating regulatory risk, strengthening consumer protection and even extending their value propositions as highlighted in the case studies within this guide.

With a credible and acceptable insurance option on the table, PSPs are well advised to re-examine their potential safeguarding alternatives. To help we've produced this guide that explains some of the challenges facing PSPs and uses real life case studies to give insight into where and how PSD Bond can make a difference.

Tristan Sargeant, Dip CII  
Director, Fintech and Payment Services  
Protean Risk Limited

# INTRODUCTION

One of the most competitive, disrupted and innovated sectors in the financial economy is payments and money. The growth of fintech, changes in consumer behaviour and new regulations have resulted in a thriving payments universe: millions of global payments per second; a proliferation of E-money issuance; and a host of new market actors taking, holding and paying out customer funds in multiple jurisdictions and geographies.

Consumers who are making payments and holding E-money balances need protection in the event of insolvency of their PSP or misappropriation of funds. PSPs who are not banks – and including APIs and EMIs – have a responsibility under the revised Payment Services Directive (PSD2) and second Electronic Money Directive (EMD) to ensure that appropriate organisational arrangements are in place to protect customer funds. This is called ‘safeguarding’ and is a term, enshrined in financial services regulations, to describe the requirement on firms to protect their customers’ funds.

There are two main forms of safeguarding: 1) segregation; and 2) using insurance or a comparable guarantee. You can use one or a blend of the different methods.

It’s hardly surprising that the regulators have a high interest in safeguarding; it’s one of their top priorities – the truth is they have found many firms not doing their segregation properly. The cost of getting it wrong can be severe: you could face fines; restrictions on your licence (or even the loss of it); damage to your reputation; and loss of customer funds.

Segregation is – and we would expect it to remain – the most widely deployed safeguarding method, but the introduction of PSD Bond – a safeguarding insurance policy – has opened up new opportunities.

This report explores those opportunities and offers an insight into how PSD Bond can provide PSPs with economic benefits, help to alleviate some of the regulatory risks and allow customer propositions to be improved.



Firms need to consider safeguarding as one of their key controls and make sure they are doing it correctly, so that consumers are protected. Using insurance can help them get it right in some of the more difficult areas and allow them to improve capital efficiency especially when used to complement segregation.

**John Burns,**  
 Technical Director, Payment Services  
 Compliancy Services Ltd



# SEGREGATION METHOD ANALYSIS

Although two different safeguarding methods are explicitly catered for under the rules, there is no doubt that segregation is the most widely deployed.

In short segregation requires the PSP to deposit 'relevant funds' in separate safeguarding accounts, completely segregated from any other accounts or funds that it holds, including the firm's working capital. And the clock starts as soon as the funds are received. If the funds are still held at the end of the business day following the day on which they were received, they must either be placed in a separate safeguarding account that the PSP holds with a credit institution, or the relevant funds must be invested in secure, liquid assets approved by the regulators (and the assets placed in a separate account with an authorised custodian).

While segregation appears to be a clear cut and well-established method of safeguarding, digging below the surface reveals that it is not always as well understood and straightforward as it might first appear.

## DOUBLE SAFEGUARDING: UNCERTAIN OR COMPLEX PAYMENT FLOW

Segregation is difficult to do properly and efficiently where there is uncertainty or complexity associated with the payment flow. In some cases firms are having to tie up even more cash than they need to – maybe twice what they need to. Some PSPs are, therefore, adopting bank guarantees as a complementary safeguarding method but as we explain in the next section this can be costly and introduce a business constraint.

## COMMINGLING: SEGREGATING THE RIGHT FUNDS

As the payments and E-money universe becomes more complex, it is becoming harder to know which funds to segregate and for how long – with 100% confidence. It's harder to be sure you are fulfilling the rules, something the regulators themselves have found in their investigations; which was highlighted in the FCA 'Dear CEO' letter issued in July 2019. This is not surprising, because in many situations the payment flows make it hard to be sure so you may inadvertently be taking some regulatory risk.

## CASE STUDIES



1

### Double Safeguarding: Third Parties

Firm A is an EMI issuing E-money. It has relevant funds held with an agent and distributor. Firm A is using the segregation method so is responsible for ensuring that the agent and distributor are segregating the funds appropriately.

In theory all firms should have arrangements in place to ensure that relevant funds held by agents, distributors or other third parties are safeguarded as soon as they are received. But in practice this may be difficult to achieve because of uncertainties in timing, problems in the information flow back to the PSP or just due to simple operational oversight.

To ensure it is not breaching the regulations, firm A chooses to segregate an equivalent sum to the relevant funds received by the agent or distributor (who are also segregating the same funds). So in practice the funds are being double segregated, which is inefficient and costly. Regulators expect firms to evidence how they are managing segregation, including details of their monitoring methods. If there is any uncertainty they need to demonstrate that they have been conservative in their approach. This means setting aside their own funds and tying up liquidity, so they can prove beyond doubt they are meeting requirements.



Using insurance as a complementary safeguarding method avoids you having to use your capital or organise short term credit facilities and provides a 'margin of safety' to ensure your firm remains compliant with the regulations.

2

### Double Safeguarding: Banks

Firm B is a non-bank PSP in a payment chain with an authorised bank, who receives the payment prior to it reaching its final destination. If a third party is in the payment chain, firm B still has an obligation to safeguard funds after they have left its own accounting system, even if the bank is also holding the same funds. So in practice the funds are being double segregated, which is inefficient and costly.

Many banks will not allow payments to a third party out of a segregated account. So payments have to be made from an operational account instead, and this can only be funded from the safeguarding account after the payment has been completed.

This requires either pre-funding from the firm's own funds or through an intra-day credit facility provided by the PSP's bank. The key point being that the safeguarding rules prevent the bank from having any right of offset between such a facility and the safeguarding account.

Either way it's difficult or expensive for the PSP, or both.

## 3

**Non EEA balances**

Firm C is a UK authorised API whose business model involves executing payments completely outside the EEA – between an account in Japan and an account in Australia. Those are deemed non-relevant funds and should actively not be included in any segregation (if relevant funds and non-relevant funds are ‘commingled’ in an insolvency event there is more risk of the customers’ funds being compromised to pay off other creditors. This is obviously something the regulators and everyone else want to avoid).

But firm C has difficulty identifying its non EEA funds, so it can’t be entirely sure its segregated account has only relevant funds.

This adds cost due to the additional investigation and reconciliation processes to highlight the non-relevant funds and adjust the segregated amount accordingly. And it adds regulatory risk from the fact that despite its best efforts a firm might be in breach of the safeguarding rules if it does inadvertently include non-relevant funds in a segregated account.



Using insurance as a complementary method can help to get over the commingling issue.

Assume firm C can demonstrate that its relevant funds for safeguarding are usually between GBP5m and GBP10m but never over GBP10m. They could decide to segregate GBP5m and supplement this with insurance or a comparable guarantee of GBP5m. This creates a buffer, or ‘margin of safety’ within the GBP10m maximum. Any accounts in danger of inadvertently containing commingled funds would be left out of the segregation and covered by insurance instead.

## 4

**Foreign Exchange**

There are two sides to foreign exchange (FX) which makes it complicated for segregation and calculating relevant funds: the principle transaction and the payment service. For example, firm D (an FX firm) simply exchanges GBP1,000 into US dollars with its customer, selling GBP and getting back USD. That is not a payment service, it’s a principal transaction (exchanging GBP for USD). However, if the customer wanted to pay a third party GBP1,000 equivalent in USD with the proceeds of the first (principal) transaction, that is a payment service.

Commingling is again the issue. The two transactions are hard to separate when done on behalf of the same customer or account. Relevant funds (the payment service) should be segregated. Non-relevant funds (the principal transaction) should not.



Using insurance as a complementary safeguarding method in the same way as Case Study 3 will provide a ‘margin of safety’ to demonstrate to auditors and regulators that it is always safeguarding at least to the level of its relevant funds.

# INSURANCE OR COMPARABLE GUARANTEE

The regulations allow for relevant funds to be covered by an insurance policy or a comparable guarantee given by an authorised credit institution. PSPs will either need to cover all relevant funds or certain relevant funds, with the remaining funds protected by the segregation method.

## WHY FIRMS USE THIS METHOD

There are a variety of different reasons PSPs elect to use the insurance method. One is a realisation that it's just not capital efficient to tie up cash in a segregated account, especially in an age where banks expect you to pay for the privilege of holding cash.

Some PSPs have significant safeguarding balances and these have a minimum average balance in the safeguarding account which they never dip below. Using the insurance method enables these funds to be 'released' from the safeguarding account and deployed efficiently into a low risk and liquid investment vehicle to generate a greater return (e.g. a longer term or higher interest deposit account).

## ISSUES WITH BANK GUARANTEES

The main issues with a bank guarantee are (i) that it is costly, because bank guarantees do not come cheap. And (ii) that the guarantee counts against the firm's borrowing limit with the bank, which may be quite a serious constraint for some firms, affecting their scope to borrow for other business purposes, even working capital or overdrafts.



Case Study 5 on page 11 highlights how one firm used PSD Bond to release funds for investment.



Case Study 6 on page 11 highlights how one firm found insurance to be more competitively priced than bank guarantees.

## PSD BOND THE INSURANCE METHOD

PSD Bond was pioneered by Protean Risk and is the first and remains the only insurance contract to meet the requirements of PSD2 and the EMD. It was launched mid-2019 as an alternative or complementary method of safeguarding customers' payments in the event of the insolvency of their PSP.

The terms of PSD Bond have been painstakingly negotiated to satisfy all parties, including insurance underwriters, PSPs, lawyers, industry associations, consumer representatives and regulators. There is no wriggle room in the insurance policy, or scope in the small print for an insurer to escape its obligations once insolvency has been certified. The liability is clear cut and definitive as demanded by PSD2 and EMD, and as clearly set out by the FCA in their safeguarding reminder letter dated 20 December 2019.

This additional choice of safeguarding method offers PSPs – including APIs and EMI's – greater flexibility and a more cost effective way to optimise the safeguarding set up. It gives regulators assurance that consumers will be fully protected in insolvency, through a clear, definitive transfer of risk. And it can be used alongside other safeguarding methods:

it doesn't have to be the whole solution, although in the right circumstances it could be.

Understandably interest in PSD Bond is mounting, and insurance is now part of the safeguarding mix for a growing number of APIs and EMI's, including some of the biggest and best known brands.

## INSURER CREDIT RATING

PSD Bond is underwritten by major insurers, including Lloyd's of London. These firms are renowned for their financial strength, all enjoying an 'A' rating from the major independent rating agencies that include Standard & Poor's and A.M. Best.

Financial strength ratings offer a forward-looking opinion about an insurance organisation's ability to pay its policies and contracts. These ratings are used in a variety of ways by the buyers of insurance such as satisfying regulatory requirements – which is the case for PSPs choosing the insurance method – and to lower financing costs or increase investment returns.

It is worth noting that many leading banks have senior or long term debt ratings of 'A' from Standard & Poor's; in other words the PSD Bond insurers by definition have at least as good a credit rating as leading banks.

### REGULATORS' INSURANCE METHOD REQUIREMENTS

The FCA issued a letter to all PSPs in December 2019 reminding firms of the key features that must be in place if firms choose to deploy the insurance method of safeguarding.

What the safeguarding insurance must include	Protean Risk PSD Bond
No condition or restriction in the terms of the insurance policy on the prompt paying out of the funds in full (once the insolvency event has been confirmed)	✓
Policy pays in the event of insolvency regardless of how this was caused (e.g. fraud, negligence, unforeseen circumstance etc.)	✓
No level below which the policy does not pay – it must not have an excess or deductible	✓
Any claim is paid into a designated safeguarding account	✓
Automatic right to extend the policy period to allow renewal discussion or a change to the safeguarding method being adopted	✓

## ENHANCING REGULATORY COMPLIANCE

The involvement of highly experienced insurance underwriters in the process, in itself, adds extra rigour and control to benefit the PSP and stakeholders, including customers and the regulators.

This is because, as part of their underwriting due diligence, the insurers go over the safeguarding controls and reconciliations employed by the PSP with a fine toothcomb, to satisfy themselves about the way the firm is managing risk, and gaining assurance that no safeguarded funds will go astray in an insolvency. Insurance underwriters have set the bar high and if PSP firms do not pass muster then they will not be offered insurance until they address the shortcomings.

This approach using a specialist payment services compliance consultancy has several advantages and is not just a one off event but repeated at least annually:

- It gives the insurance underwriters assurance on the PSP's controls and processes before accepting and binding the insurance policy.
- It gives regulators and consumers an extra level of assurance, bearing in mind that the detailed supervision of safeguarding is largely based on internal self-certification and attestation.
- It gives PSP firms themselves insights into their own governance and control processes and where these need to be improved – and evidence if called upon by the regulators that they have employed an independent check.

In other words, the underwriting process itself enhances the general level of security and control surrounding the customer's funds and could be described as improving a PSP's regulatory risk management.

## RENEWAL PROCESS OFFERS STABILITY

Like most insurance policies PSD Bond is an annual contract. However, it cannot be cancelled and importantly claims cannot be refused on the grounds of any adverse action by the insured PSP firm.

Understandably, the regulators expect PSPs to have a plan in place to cater for any potential risk of non-renewal. The insurance contract actually has an built-in mechanism.

At any time after the policy has been in force for six months it can be extended for a further six months; i.e. providing 18 months of cover in total. This allows the renewal process to be managed without time pressures and equally could be used if the firm wanted to move away from the insurance method and needed time to implement another option.

Once the renewal terms are agreed then the original policy is cancelled and replaced by a new 12 month contract.

## WHAT HAPPENS WITH RELEASED FUNDS?

On page 8 we discussed how some PSPs see an opportunity to release funds for improved investment returns. PSD Bond insurers will only allow released funds to be placed in a deposit account, never put into risky or illiquid assets. So even if funds have been 'released' they still do not count as the client's own funds and are carefully controlled by the insurers (in terms of the type and degree of risk they are allowed to incur).



## CASE STUDIES

**5**

### Higher Deposit Rates

Firm E is an EMI with around GBP800m of safeguarding obligations managed via segregated accounts. It has been established for some years and operates to appropriate standards of processes and controls. Firm B wishes to move GBP50m into a high interest deposit account.

GBP50m of PSD Bond insurance is put in place, allowing the GBP50m of client funds to be deposited into the high interest account. Firm E provides insurers with verification that the funds have been moved. All processes and controls are maintained to the same standard and segregated accounts managed as before.

**6**

### Replacing Bank Guarantee

Firm F is an EMI with over GBP500m in safeguarded funds via segregated accounts. It has a collateral requirement with a credit card issuing company of GBP50m, secured via a letter of credit.

Putting PSD Bond in place allows the letter of credit to be reduced and funds released to meet the collateral obligations – reducing costs. Existing safeguarding via segregated accounts and relevant processes is maintained.

**7**

### Improving International Funds Transfer Value Proposition

Firm G is an API with GBP100m in safeguarded funds via segregated accounts. It wants to release funds from segregated accounts to deposit in banks outside the EEA, to assist with speeding up international funds transfer.

Firm G buys GBP15m of PSD Bond insurance, releasing that level of funds to in effect forward fund (or pre-fund) payment accounts so it can offer faster payment services. In effect PSD Bond enables funds to be moved down the payment system to local bank accounts, making its international payments faster and more efficient.

Existing safeguarding via segregated accounts and relevant processes is maintained.

# REGULATIONS AND CONSUMER PROTECTION



The controls, governance and reconciliation processes needed for the segregation method are just as much needed if you are using the insurance or guarantee method, or a mix of methods. Otherwise, how can you demonstrate to your Board and the regulators that you are constantly aware of the value of the relevant funds and that you are assured they are appropriately covered by one of the safeguarding methods?

**Alison Donnelly,**  
Director, FSCOM Limited

## MANAGING REGULATORY RISK

We've already highlighted that safeguarding is top of mind for regulators as it is an essential part of consumer protection. The consequences of getting it wrong might be enough to bring your business to a shuddering halt. Loss of licence, restrictions on the firm's business, restrictions on individuals performing senior management or certification roles in the future, criminal prosecution, individual or firm-level fines, damaging publicity or reputational risk and loss of customer funds. These are just some of the potential consequences of failing to adhere to the safeguarding regulations.

In the UK a 'Dear CEO' letter issued by the FCA in July 2019 highlighted that many firms were having difficulty performing segregation and its related controls to the regulator's satisfaction. Among the problems highlighted in the 'Dear CEO' letter by the FCA were the following:

- Poor understanding of which funds are relevant and should be segregated.
- Effectiveness of firms' safeguarding procedures and documentation.
- Delays in segregating funds following receipt, for example non-relevant funds and foreign exchange fees. All too often firms were commingling funds and only separating them once daily or the next working day.
- Failing to check that the correct amounts are being segregated frequently enough (i.e. through reconciliation processes).
- Weak risk management and oversight, including poor policy documentation, a lack of effective regular monitoring and review of safeguarding including effective management of agents and distributors.
- Failure to consider the impact of rapidly evolving business and operating models on safeguarding arrangements.

We've highlighted how some of these risks can be alleviated using insurance, but that's not to say insurance is a magic bullet, or an easy way out from doing the hard yards. Firms still need to work assiduously to identify and reconcile relevant funds, so they always know that their insurance cover (or combination of insurance cover and segregated accounts) is sufficient for their level of relevant funds at any given time, including intra-day.



Case Studies 1-4 on pages 6-7 highlight examples of how insurance can alleviate some of these risks.

## EXAMPLES OF GOOD PRACTICE WHEN SELECTING THE INSURANCE METHOD

+ GOOD PRACTICE		- POOR PRACTICE -
Undertake and document due diligence on the credit institutions, custodians and/or insurers, including consideration of their expertise and reputation, credit rating and risk profile, and to ensure they are correctly authorised and regulated.	1	Due diligence is not performed or is inadequate (for example does not take account of the financial strength and credit ratings of credit institutions, custodians and insurers, and/or is not properly documented).
Selection of the credit institutions, custodians and insurers approved at Board or senior management level.	2	No evidence of approval at Board or senior management level.
The PSP has a designated safeguarding account with a credit institution for the full term of the insurance policy or guarantee for the purpose of receiving the proceeds of any claim as quickly as possible after an insolvency event.	3	No specific safeguarding account is established. The account is used to hold other funds of the firm.
The title of the safeguarding account(s) is named in a way that shows it is a safeguarding account (rather than an account used to hold money belonging to the firm).	4	The title of the account(s) only identifies the firm not the purpose of the account.
Segregation letters are obtained confirming the trust status of the safeguarding account(s) signed by an authorised signatory.	5	The PSP does not notify and confirm the status of its safeguarding account(s) in writing with the credit institution.
The PSP can evidence how any change in safeguarding method continues to satisfy the conditions for regulatory authorisation, and does not undermine their organisational arrangements to minimise the risk of loss or diminution of customer funds.	6	No review or consideration evident.
The PSP can demonstrate compliant governance and reconciliation processes to ensure that the funds or assets being safeguarded, including insurance cover, continue to be adequate.	7	Governance and reconciliation processes not signed off by the Board or senior management. No records kept of daily reconciliation.
Assess and mitigate any increased operational risks arising from the change in safeguarding arrangements.	8	No evidence of any assessment and/or approval at Board or senior management level.
Periodic reviews are carried out at a defined frequency (at least annually) to ensure that the credit institutions, custodians and/or insurers continue to be appropriate to offer insurance or guarantees.	9	Once appointed, no further due diligence is carried out.

## PROTECTING THE CONSUMER

Consumer protection is the main objective and priority of safeguarding.

The EU Deposit Guarantee Schemes Directive ensures that each member state has a compensation scheme in place to reimburse a defined amount to compensate bank depositors in the event of a bank failure. It has two key principles: 1) that consumers need protection; and 2) that taxpayers should not have to pay if a bank fails.

Some member states have chosen to take this further, for example in the UK the Financial Services Compensation Scheme (FSCS) applies to a range of financial products including deposits, investments, insurance and pensions to name but a few. It's a direct transfer of risk, from the consumer to the compensation scheme.

But these compensation schemes do not apply to payments and PSPs who are not banks, such as APIs and EMIs. Instead consumers are reliant on the robust application of safeguarding, which perfectly explains why safeguarding is in the eye of the regulators and so important to them.

In the segregation method, the consumer and the regulator are essentially relying on two things to make sure it works. First, that the firm has done the segregation correctly, and second that there has been no misappropriation of funds. Features that may not always be apparent until the PSP becomes insolvent and the administrator has had an opportunity to review the operation.

Insurance, on the other hand, works more like a compensation scheme. It literally transfers risk away from the consumer to the insurer. If a PSP firm becomes insolvent, insurance is ready to respond if payments have not been completed by paying the claim directly into the PSP firm's segregated safeguarding account controlled by the administrator – it's a guaranteed method of protecting consumers.



Insurance works like a compensation scheme, guaranteeing funds to the administrator so that they can complete payments as intended and ensure the consumer is protected.

**Richard Jones**  
Partner, Eversheds Sutherlands



# CONCLUSION

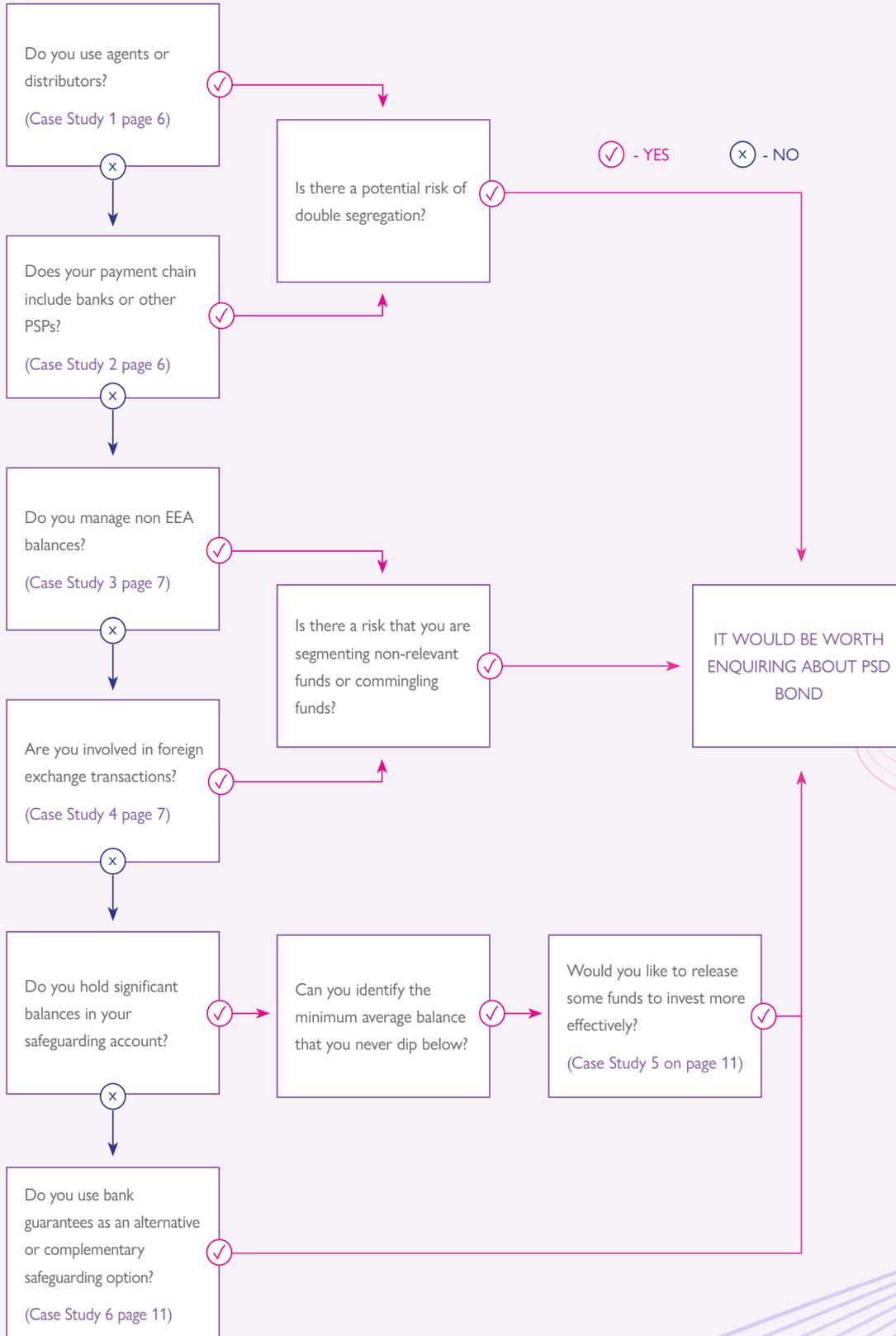
In short, a PSP can benefit from PSD Bond coverage even if it is used as a complementary method of safeguarding as long as (i) that requirement is always fully covered by all methods in combination; and (ii) the governance and controls applied hold to the same standards of rigour, regardless of the safeguarding method(s) used.

## 7 BENEFITS OF USING THE INSURANCE METHOD

- 1 Reduces operational costs.
- 2 Improves capital efficiency.
- 3 Alleviates regulatory risk – smooths over some of the more challenging aspects of segregation.
- 4 Simplifies compliance with the safeguarding rules – solving some of the grey areas and awkward use cases.
- 5 Retains flexibility – PSP firms can use insurance as a complementary method of safeguarding and can re-evaluate their need for insurance and move back to segregation or another option if that makes sense in the future.
- 6 Strengthens consumer protection – transferring risk to insurance underwriters renowned for their financial strength.
- 7 Enhances regulatory compliance – the underwriting due diligence process makes sure firms have good safeguarding controls and processes.

## DOES INSURANCE OFFER YOU THESE OPPORTUNITIES?

This decision tree provides an opportunity for you to explore whether PSD Bond could offer you some advantages. This does not answer all potential circumstances and we would always recommend speaking to a specialist at Protean Risk.



# ACKNOWLEDGEMENTS

We'd like to thank John Burns, Alison Donnelly and Richard Jones for their help in producing this report.



**JOHN BURNS**

Technical Director, Payment Services  
Compliance Services Ltd



**COMPLIANCE SERVICES**  
INFORMING ACTION . INSPIRING CONFIDENCE

John is one of the UK's foremost compliance experts in payment services having worked in senior positions for the Association of Payment and Clearing Services, the Payments Council, the Financial Services Authority (now the FCA, where he dealt with the UK implementation of PSD1) and major banks before joining Compliance Services in 2015.

Compliance Services is one of the UK's leading providers of compliance consultancy and regtech services to firms that are regulated by the Financial Conduct Authority or the Prudential Regulation Authority.



**ALISON DONNELLY**

Director  
FSCom Limited



Expertise that adds value.

Alison is a payments policy expert with in-depth knowledge and understanding of the payments regulatory landscape. She is a former FSA/FCA E-money policy specialist and shares this insight from the regulator with clients and contacts alike in her role as Director in fscom providing compliance advice to leading fintech companies and start ups.

fscom is a firm of compliance experts specialising in the financial services sector and specifically dealing in payments, e-money, crypto, challenger banks, and trading and broking firms.



**RICHARD JONES**

Partner  
Eversheds Sutherland

**EVERSHEDS  
SUTHERLAND**

Richard is a Partner in the Commercial team and leads the firm's International Payment Services Group. His work includes advising banks, building societies, card issuers and other payment institutions on issues relating to the development of new products, drafting associated terms and conditions and licensing and other compliance issues.

As a global top 15 law practice, Eversheds Sutherland provides legal advice and solutions to a global client base ranging from small and mid-sized businesses to the largest multinationals.

# PROTEAN RISK'S FINTECH AND PAYMENT SERVICES TEAM

Protean Risk's Fintech and Payment Services team set themselves apart with their knowledge and innovation. Clients include PSPs of all sizes and types, from start ups through to some of largest and best known brands.

We have especially helped our PSP clients to manage the emerging risks and obligations that come with new regulations.

In 2017 we developed the first 'compliant' PSD2 Insurance product to come to market for those firms seeking Account Information Service Provider (AISP) and Payment Initiation Service Provider (PISP) permissions. Then mid-2019 we launched PSD Bond, the first and currently only insurance contract that meets the requirements of PSD2 and the EMD.

Protean Risk is a Lloyd's Broker delivering specialist insurance broking services to firms in the investment industry, financial services, fintech and technology sectors. Our specialism is borne out in our client survey where 95% of our clients agreed that we are experts in their business sector.

Our relationships with a broad range of insurers facilitate access to products which are best suited to the specific business needs of our clients. As these client needs change over time our depth of market access will ensure we can continue to match their requirements with market leading solutions.



**NATHAN SEWELL**  
Chief Executive Officer

+44 (0)20 3763 5353  
nathansewell@proteanrisk.com



**TRISTAN SARGEANT**  
Director, Fintech and Payment Services

+44 (0)20 3763 5352  
tristansargeant@proteanrisk.com



**RICHARD HUNT**  
Business Development Manager

+44 (0)20 3763 5358  
richardhunt@proteanrisk.com



**CHARLIE COOPER**  
Account Manager

+44 (0)20 3763 5356  
charliecooper@proteanrisk.com



**FERGUS BRACHER**  
Assistant Account Manager

+44 (0)20 3763 5364  
fergusbracher@proteanrisk.com

Members of the Emerging Payments Association and the Association of Foreign Exchange and Payment Companies





## PROTEAN RISK

81 Gracechurch Street  
London  
EC3V 0AU

Tel: +44 (0)20 3763 5340  
info@proteanrisk.com

[www.proteanrisk.com](http://www.proteanrisk.com)

This publication is for the benefit of clients and prospective clients of Protean Risk Limited. It is intended to highlight general issues relating to its subject matter but does not necessarily deal with every aspect of the topic.

Protean Risk Limited is a Registered Lloyd's Broker, authorised and regulated by the Financial Conduct Authority (firm number 479839).

© January 2020