

Chapter 16

Reporting requirements

Notes on completing authorised electronic money institution questionnaire

FIN060a Authorised Electronic Money Institution Questionnaire

Valuation Firms should follow their normal accounting practice wherever possible.

Currency

Some questions require you to answer in GBP, whilst some require you to answer in EUR. The exchange rate entered at element 31 should be used throughout the return to convert GBP to EUR where required.

- Elements 1 to 4 and 12 to 30 must be completed in GBP.
- All other monetary answers must be in EUR.

Figures should be entered in single units in the currency specified. For example, €1,234,567.50 should be entered as 1234567.

Section 1: Income Statement

Element 1: State, in GBP, the total income of the legal entity, across all activity, for the reporting period. Follow your firm's normal accounting practice when answering this question (i.e. this should be the same figure as the total income figure in your annual accounts).

Element 2: State, in GBP, the total income for the reporting period, derived from the issuance of e-money and related payment services. Follow your normal accounting practice when answering this question. 'Related payment services' means those payment services that are related to the issuance of e-money.

Element 3: State, in GBP, the total income for the reporting period, derived from the provision of unrelated payment services. Follow your normal accounting practice when answering this question. 'Unrelated payment services' means those payment services (as defined in the Payment Services Regulations 2017) that are not related to the issuance of e-money. If you do not provide unrelated payment services, please enter '0'.

Element 4: State, in GBP, the total operating profit or loss of the legal entity for the reporting period. Operating profit or loss is calculated after ordinary operating expenses are deducted from the gross profit, but before interest, tax, dividend payments and any extraordinary items are deducted.

Section 2: EMRs and PSRs 2017 activity

Section 2(a): EMRs activity

Element 5: Enter the full number of months during the reporting period that your firm was FCA authorised or registered. For example, if you are completing this return for the period ending 31 December and you were authorised or registered by the FCA on 15 October then you should enter '2'.

Element 6: State (in EUR) the amount of e-money that was outstanding at the end of the period to which this return relates.

Elements 7 and 8: State the number of e-money accounts open at the start and end of the reporting period. This includes all customer types (consumers and corporates). If a customer has multiple accounts, you should include each account in the total. Section 2(b): PSRs 2017 activity

Element 9: 'Unrelated payment services' means payment services as defined in the PSRs 2017 that are not related to the issuance of e-money. If the answer to this question is 'No' you do not need to answer questions 10 and 11 or Section 4: Capital requirements for unrelated payment services.

Element 10: State the number of unrelated payment transactions executed by your firm during the reporting period. This includes payment transactions executed by agents of your firm.

Element 11: State, in EUR, the total value of all the unrelated payment transactions executed during the reporting period. This includes payment transactions executed by agents of your firm. Note that you should enter the total gross value of the payment transactions, not the income generated by them.

Section 3: Net capital resources

Section 3 (a-d)

For Elements 17, 21 and 25: Enter values using the appropriate sign for a positive or negative number.

For the purposes of Section 3, please provide, in GBP, a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant).

To understand the items that may be used to form 'own funds', firms should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when automatically calculating figures for eligible amounts in elements 26B to 29B – these do not need to be manually entered.

Section 3 (e)

Element 30: This should be the sum of the capital items listed at 28B to 29B.

Element 31: Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. Refer to the following website which provides historical exchange rates on a month-by-month basis: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Element 32: State the EUR equivalent of element 30 above.

Section 4: Capital requirements for unrelated payment services

These questions are only applicable to an authorised EMI that has answered 'Yes' to Q9.

Section 4(a): Method used to calculate ongoing requirements

Element 33: Firms should indicate which of the three methods (Methods A/B/C) they use to calculate their own funds requirement for unrelated payment services (Part 2 of Schedule 2 of the Electronic Money Regulations 2011).

Firms only need to complete those parts of the form that apply to their chosen method of calculating own funds.

If your firm has not completed a full financial year of business, then, in lieu of the figure for the 'preceding year' or the 'previous financial year', you must use the projected figure(s) that your firm submitted to the FCA when applying for authorisation (subject to any adjustments that the FCA required or may require).

Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on how to calculate the own funds requirement.

Section 4(b): Method A calculation

Element 34: State, in EUR, the total fixed overheads for the preceding year. Please refer to Chapter 9 of our Payment Services and Electronic Money Approach Document for further guidance on fixed overheads.

Element 35: State, in EUR, the figure equal to 10% of the figure you have reported in element 34.

Section 4(c): Method B calculation

Element 36: ‘Payment volume’ means the total value, in EUR, of unrelated payment transactions executed by the firm in the preceding financial year divided by the number of months in that year (paragraph 9(3), Part 2, Schedule 3 of the PSRs 2017). This figure should include unrelated payment transactions executed by agents.

Element 37: State, in EUR, the figure that equals 4% of the first €5m of payment volume.

Element 38: State, in EUR, the figure that equals 2.5% of payment volume between €5m and €10m. If your firm has undertaken less than €5m in payment volume, insert a zero in this box.

Element 39: State, in EUR, the figure that equals 1% of payment volume between €10m and €100m. If your firm has undertaken less than €10m in payment volume, insert a zero in this box.

Element 40: State, in EUR, the figure that equals 0.5% of payment volume between €100m and €250m. If your firm has undertaken less than €100m in payment volume, insert a zero in this box.

Element 41: State, in EUR, the figure that equals 0.25% of all payment volume over €250m. If your firm has undertaken less than €250m in payment volume, insert a zero in this box.

Element 42: State, in EUR, the sum of the values from elements 37 to 41 above.

Element 43: The ‘scaling factor’ is:

- 0.50 for an authorised EMI that is providing a payment service specified in paragraph 1(f) of Schedule 1 of the PSRs 2017 (money remittance); and
- 1.00 for an authorised EMI that is providing any other payment service specified in paragraph 1(a) to (e) of Schedule 1 of the PSRs 2017.

The scaling factor should be entered to two decimal places.

Element 44: This figure is calculated using the following equation – element 42 x element 43.

Section 4(d): Method C calculation

Relevant Indicator

Element 45 – Element 48: these figures should be entered in EUR and should cover the expenses or income generated over the reporting period. Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on the elements that make up the relevant indicator.

Firms should have regard to paragraphs 10(4)(a)-(d), Part 2, Schedule 3 of the PSRs 2017 for the purposes of calculating the relevant indicator:

- each element must be included in the sum with its positive or negative sign;
- income from extraordinary or irregular items must not be used;
- expenditure on the outsourcing of services rendered by third parties may reduce the relevant indicator if the expenditure is incurred from a payment service provider;
- the relevant indicator is calculated on the basis of the twelve-monthly observation at the end of the previous financial year;
- the relevant indicator must be calculated over the previous financial year; and
- audited figures must be used unless they are not available in which case business estimates may be used.

Element 49: The ‘total relevant indicator of income’ is the sum of the amounts stated in elements 45 to 48 above.

Multiplication Factor

Element 50: State, in EUR, the figure that equals 10% of the first €2.5m of the ‘total relevant indicator of income’ (i.e. the figure in element 49).

Element 51: State, in EUR, the figure that equals 8% of the ‘total relevant indicator of income’ between €2.5m and €5m. If your firm’s total relevant indicator of income is less than or equal to €2.5m, you should enter zero in this box.

Element 52: State, in EUR, the figure that equals 6% of the ‘total relevant indicator of income’ between €5m and €25m. If your firm’s total relevant indicator of income is less than or equal to €5m, you should enter zero in this box.

Element 53: State, in EUR, the figure that equals 3% of the ‘total relevant indicator of income’ between €25m and €50m. If your firm’s total relevant indicator of income is less than or equal to €25m, you should enter zero in this box.

Element 54: State, in EUR, the figure that equals 1.5% of the ‘total relevant indicator of income’ over €50m. If your firm’s total relevant indicator of income is less than or equal to €50m, you should enter zero in this box.

Element 55: State, in EUR, the sum of the values of elements 50 to 54 above (the Multiplication Factor).

Element 56: The ‘scaling factor’ is:

- 0.50 for an authorised EMI that is providing a payment service specified in paragraph 1(f) of Schedule 1 PSRs 2017 (money remittance); and
- 1.00 for an authorised EMI that is providing any other payment service specified in paragraph 1(a) to (e) of Schedule 1 PSRs 2017.

The scaling factor should be entered to two decimal places.

Element 57: The own funds requirement is calculated by multiplying the total relevant indicator of income (element 49) by the multiplication factor (element 55) and the scaling factor (element 56).

Section 5: Overall capital requirements

Element 58: You should enter, in EUR, the average outstanding e-money for the last month of the reporting period. ‘Average outstanding e-money’ means the average total amount of financial liabilities related to e-money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month.

Element 59: This figure is 2% of the average outstanding e-money (method D). This figure should be provided in EUR.

Element 60: Total own funds: for firms that do not provide unrelated payment services, this is the same figure as Element 59. For firms that do provide unrelated payment services, this is the sum of the own funds requirement for unrelated payment services (method A/B/C) as calculated above and the method D own funds requirement at element 59 above. This figure should be provided in EUR.

Element 61: Total capital requirement: enter the higher of €350,000 or the total own funds figure at element 60 (in EUR).

Element 62: This is calculated by subtracting the total capital requirement (element 61) from the total net capital resources (element 32). You must enter the figure with a minus symbol if it is of negative value.

Element 63: Firms are reminded that method D own funds is based on average outstanding e-money, which involves monthly calculations and the figure entered above at element 59 provides a snapshot for that month. Firms must confirm whether own funds have been equal to or greater than the own

funds requirement in all months of the reporting period. If the answer to this question is 'No' you should notify us separately with an explanation.

Section 6: Method of Safeguarding

You must select the relevant box(es) to identify the method(s) used by the firm to safeguard relevant funds. You must provide separate safeguarding information for relevant funds received in exchange for e-money that has been issued and (where relevant) relevant funds received for the purposes of executing unrelated payment transactions. If you do not provide unrelated payment services you do not need to answer elements 64 to 68.

Section 7: Agents

Element 69: State the number of agents that you have registered to undertake payment services (whether unrelated or related).

Section 8: Payment systems

Element 70: If your firm is a member of any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where you have a direct relationship with the operators of the payment system.

Element 72: If your firm accesses, on an indirect basis, any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where the EMI indirectly accesses payment systems through the services of another PSP that is a direct participant or member of that payment system.

Element 74: If your firm accesses any sterling interbank payment systems on an indirect basis select the institution that is the primary provider of that indirect access.

Section 9: Providers of account information services or payment initiation services

Account information services (AIS)

(i) Elements 75 to 79 should only be answered by firms providing AIS.

Element 75: State the number of payment accounts that your firm has accessed for the purposes of providing AIS during the reporting period. You should count each individual payment account once, even where it has been accessed multiple times.

Element 76: State the number of customers that have used your firm's AIS in the reporting period. Each customer should be counted once (including where the customer has used the AIS multiple times).

Element 77: State the minimum monetary amount (in EUR) of the professional indemnity insurance (or comparable guarantee) ('PII') calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2.

Element 78: Please enter the amount of coverage of the PII that is held. This should be entered in EUR. Please use the same conversion rate entered at element 31A.

Element 79: If the terms of your firm's PII have changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.

Payment initiation services (PIS)

(ii) Elements 80 to 85 should only be answered by firms providing PIS.

Element 80: State the number of payment accounts that your firm has accessed for the purposes of providing PIS during the reporting period. You should count each individual payment account once, even where it has been accessed multiple times.

Element 81: This should be the total number of payment transactions initiated using your firm's PIS in the reporting period.

Element 82: This should be the total value of the payment transactions initiated using your firm's PIS in the reporting period.

Element 83: State the minimum monetary amount (in EUR) of the professional indemnity insurance (or comparable guarantee) ('PII') calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2.

Element 84: Please enter the amount of coverage of the PII that is held. This should be entered in EUR.

Element 85: If the terms of your firm's PII has changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.