

FCA publishes review of CASS initiative

The UK Financial Conduct Authority (FCA) published on 12 March its review into the Current Account Switching Service (CASS), finding that the increase in switching volumes since CASS launched has been small and changes in provider behaviour 'limited.'

The FCA looked into account number portability (ANP), which would enable consumers to retain their account number when switching. "The FCA believes ANP could help make the switching process simpler and easier, but acknowledges that ANP's impact alone may be limited without other measures to encourage people to act," said Jacqui Hatfield, Partner at Reed Smith.

Charles Kerrigan, Partner at Olswang, believes however that "ANP isn't the reason why people aren't switching. Consumers may not have a strong positive association with their bank's brand but generally they don't with the brands of other bank providers. When Apple and other tech companies start to really disrupt the market for banking services we'll see consumers engage with them with an enthusiasm that the FCA's initiatives could never generate."

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FCA issues final guidance on promotions on social media

The UK Financial Conduct Authority (FCA) issued on 13 March its final guidance on financial promotions on social media, following a consultation on draft guidance published in August 2014. The final guidance aims to ensure firms' compliance with the FCA's financial promotion rules and echoes the draft's approach that these rules should be media neutral.

"When issuing guidance, the FCA tends to avoid taking a prescriptive approach and this new guidance is certainly consistent with that practice," said Susan McLean, Of Counsel at Morrison & Foerster. "If financial firms previously reluctant to engage on social media were hoping that the guidance was going to provide them with a clear framework for social media, they will be disappointed."

A key change however centres on the FCA's original suggestion

that firms use a hashtag, #ad, to indicate financial promotions. The FCA has now determined that hashtags are not an appropriate way to identify promotional content. "The FCA has noted that social media already makes clear when material is paid for promotions, and that clicking on #ad would link through to a common page where all material using this hashtag would be displayed - clearly that would not be helpful and would confuse consumers reading a particular ad," explains Frank Doran, Consultant at Brodies. "The FCA has also accepted that most promotions on social media will be self-evidently promotions and need no further information to highlight this."

The FCA has also clarified the issue of sharing communications, such as via retweeting, finding that in the case that a

consumer acting outside of a business shares a firm's communication, compliance is only needed for the original communication, but should a firm share a consumer's communication, whether it constitutes a financial promotion would depend on the specific communication.

The FCA has not however conceded to some respondents, who asked for a click-through approach to compliance: that a post/tweet and the website it links to would not be viewed separately but as a combination. "The FCA believes that a tweet/post and a website are separate financial promotions and this is consistent with both UK legislation and applicable European law," said McLean. "Therefore, firms will need to ensure that each tweet/post is compliant, even if its sole purpose is to direct the consumer to its website."

EPC proposes card standards to cover m-commerce payments

The European Payments Council (EPC) and the Cards Stakeholders Group released on 10 March their draft version 7.05 of the SEPA Cards Standardisation Volume, which proposes standardisation requirements for remote payments; consultation on the draft is open until 5 June 2015.

"In 2014 the EPC published requirements for 'face-to-face' transactions throughout SEPA; the proposed infrastructure builds on this by incorporating functional and security requirements for e- and m-commerce,"

explains Dr. Nathalie Moreno, Partner at Charles Russell Speechlys. "Guaranteeing the authenticity of the exchanged data in e- and m-commerce transactions requires the execution of protocols at different interfaces. One proposed functional requirement is that the payment phase of e- and m-commerce transactions shall be independent from the ordering and negotiation phases for products and/or services."

The draft also includes proposals for enhanced requirements for the pre-authorisation

of remote payments, and introduces a cards processing framework to aid in the creation of an open market by defining requirements for market access and participation in card payment processing services.

"The importance of these proposals should be noted as the EPC's requirements will also apply to non-Euro core countries by 31 October 2016 for Euro payments and direct deposits," adds Dr. Moreno. "At that point, the SEPA standards could affect up to 71.5 billion electronic payments per year."