HM Treasury

Recognised Payment Systems and Digital Settlement Asset Service Providers Fee Regime

Consultation

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Chapter 1
Introduction

1.1 A strong, dynamic and resilient payments sector is vital for UK economic growth and financial stability. The ability to make and receive payments is essential to our daily lives and underpins all economic activity.

1.2 The Government's National Payments Vision[1] sets out its ambition to ensure the UK has a trusted, world-leading payments ecosystem delivered on next generation technology, where consumers and businesses have a choice of payment methods to meet their needs.

1.3 The Government and the authorities are taking forward an ambitious programme of work to realise the aims of the National Payments Vision, support the growth of the payments sector and deliver real-world benefits for consumers and businesses. This programme is multifaceted, and includes actions to modernise the regulatory framework, support innovation so that the UK can seize the transformative benefits of new technologies such as tokenisation and agentic AI, drive competition in the sector, and ensure payments are safe and secure.

Scope of systemic payment systems supervision

1.4 Since 2009, through Part 5 of the Banking Act 2009, the Bank of England has been responsible for supervising payment systems that are recognised as systemically important. Part 5 defines what a payment system is; the recognition criteria against which we assess e.g. whether a system poses or is likely to pose financial stability risk to the financial system or wider economy; the process HM Treasury employs to formally recognise a system for supervision by the Bank of England, and the powers the Bank of England has in supervising those recognised systems, including its power to charge fees to cover the costs of its supervision[2].

[1] https://www.gov.uk/government/publications/national-payments-vision

[2] The Bank of England's power to charge fees to cover the costs of its supervision are made by reference to a scale of fees set by HM Treasury. This Consultation relates to HM Treasury's proposals to change this scale of fees itself. The Bank separately consults on its approach to charging fees within the parameters set out by this scale. The scale is referred to throughout as 'the fee regime'.

1.5 The entities in scope of the Bank of England's supervision were expanded in 2023 to include digital settlement asset (DSA) service providers. DSA service providers are firms that provide services connected to a payment system that uses digital settlement assets (e.g. stablecoins), such as issuing or facilitating the use of those assets.

1.6 It is within this context that the Government is consulting on the fee regime which applies to entities recognised by HM Treasury under Part 5 of the Banking Act 2009 to ensure the regime continues to work effectively and can keep pace with the evolving UK payment systems sector.

Current approach to fee regime

1.7 The Bank of England currently charges fees to: operators of recognised payment systems and specified service providers[3] in relation to those systems (see the fees power in section 203(1) of the Act). Those fees must relate to a scale of fees approved by HM Treasury by regulations (section 203(2) of the Act) which is referred to as the 'fee regime' for the purposes of this consultation.

1.8 Accordingly, HM Treasury made the Banking Act 2009 (Fees) Regulations 2018, which came into force on 10 July 2018. The scale of fees in those regulations applies to operators of recognised payment systems and service providers specified by HM Treasury in relation to those systems.

1.9 The existing scale of fees sets a maximum fee that may be charged for the supervision of such a system or service provider (£760,000 per system in any one year) (known as a "supervision fee") and a maximum additional fee if events require further supervision (£500,000 per system in any one year) (known as a "Special Projects Fee"). In any case, the Bank of England cannot charge above its supervision costs.

1.10 These fees fund the Bank of England's supervision of systemically important payment systems and service providers, so that it has the resources it needs to oversee them effectively.

1.11 Since the introduction of the regulations in 2018, the nature and scope of the recognised payment systems and service providers supervised by the Bank of England has evolved in response to broader innovation across the payments ecosystem. Amendments made by Financial Services and Markets Act 2023 (FSMA 2023) to Part 5 of the Banking Act 2009 brought DSA service providers (and service providers of such DSA service providers) within the Bank of England's regulatory remit.

3 See Box 1.A for definition of a specified service provider. The term 'service provider' is used throughout to refer to a Specified Service Provider.

Future approach to fee regime

1.12 In this context, it is essential to ensure that the fee structure underpinning the Bank of England's supervisory regime is updated to align with the systems captured within its remit, in order for it to remain fit for the future.

1.13 The Government is also consulting on the level of the cap on supervisory and Special Project Fees that can be levied on operators of recognised payment systems, DSA service providers, and service providers in relation to such systems or such DSA service providers. This is to ensure that the Bank of England's supervisory oversight is sufficiently funded, enabling it to be fully effective. This is consistent with the approach set out in the original 2018 consultation. That consultation explained that the fee cap was based on the Bank of England's estimated costs of supervising the systems in scope over the next five years, and that the cap would be reviewed at the end of that period.

1.14 This consultation sets out the Government's intentions for the future fees framework for operators of recognised payment systems, recognised DSA service providers, and service providers in relation to such systems or such DSA service providers. It is broken down into the following chapters:

Chapter 2 sets out the proposed revisions to the remit of the Bank of England's fee regime.

Chapter 3 sets out the proposed raising of the cap on the maximum supervision fees that can be charged.

Chapter 4 sets out the proposed revisions to the cap on Special Project Fees.

Chapter 5 sets out how to respond to this consultation.

Box 1.A Relevant Definitions

- Broadly, a "payment system" means arrangements, or proposed arrangements, designed to facilitate or control the transfer of money or digital settlement assets (section 182(1) of the Act). It does not include, for example, any arrangements for the physical movement of cash (section 182(1A)).
- An operator of such a system is a reference to any person with responsibility under the system for managing or operating it (section 183(a)).
- A 'specified service provider' in relation to a recognised payment system, is a person who provides services that form part of the arrangements constituting the system and is specified as such by HM Treasury in the recognition order

made in respect of the recognised system (see section 206A(2)).

- A “digital settlement asset” (DSA) means a digital representation of value or rights, whether or not cryptographically secured, that can be used for the settlement of payment obligations, can be transferred, stored or traded electronically and uses technology supporting the recording or storage of data (which may include distributed ledger technology) (section 182(4A)). The definition also includes a right to, or interest in, a digital settlement asset (section 182(4B)).
- A DSA service provider is a person who provides one or more services in relation to a payment system that includes arrangements using digital settlement assets which include, for example, the creation or issue of digital settlement assets involved in a payment system (see section 182(5A)).
- A service provider in relation to a recognised DSA service provider is a person who provides services to the recognised DSA service provider and is specified as such by HM Treasury in the recognition order made in respect of the DSA service provider (section 206A(2B)).
- In addition, where a recognised DSA service provider uses a system using DSAs, these then that system may also become a specified service provider in relation to a recognised DSA service provider if it is specified in the recognition order made in respect of the DSA service provider (section 206A(2B)).

Chapter 2

Updating the fee regime scope

2.1 This chapter sets out proposed amendments to the scope of the fee regime under which the Bank of England may charge supervisory fees, in order to align with the Bank of England's supervisory scope.

Aligning the fee regime with the Bank of England's supervisory scope

2.2 Developments in payments over recent years mean that both domestically and internationally, regulatory regimes need to adapt to keep pace with the changing nature of the industry. This led to the expansion of the Bank of England's supervisory remit under Part 5 of the Banking Act 2009 by amendments made to it by FSMA 2023 to include the regulation of DSA service providers recognised by HM Treasury and service providers in relation to them.

2.3 While Part 5 of the Banking Act 2009 was amended to include DSA service providers as being subject to Bank of England supervision, updating the fee regime that allows the Bank of England to recoup the costs of its supervision requires a statutory instrument to be made. This will allow the Bank of England to be prepared to recoup the costs of activity in relation to DSA service providers (and service providers in relation to them) at the point at which one is recognised by HM Treasury.

2.4 Updating the legislation now will allow the Bank of England to ensure proportionate oversight of recognised DSA service providers (and service providers in relation to them) in line with its remit and agreed supervisory approach at the point at which one is recognised. Given that the Bank of England intends to apply a consistent supervisory model to these systems as those within the fee regime now, it is considered appropriate to include DSA service providers and their service providers within the fee regime now and consider the level of fee they should pay, although it will not have an effect until such point as a DSA service provider is formally recognised by HMT. This ensures clear signposting to DSA service providers that may become systemic in future and eligible for recognition, of the fees that they can expect to pay.

Question 1:

- Do you agree with the proposal to amend the scope of the fee regime to include digital settlement asset service providers, and service providers in relation to them?

Chapter 3

Raising the cap on supervisory fees

3.1 The Banking Act 2009 (Fees) Regulations 2018 allow the Bank of England to levy a fee in relation to systems within its remit, which is capped at a specified maximum in any one year. This chapter sets out the Government's proposed approach to raising the current cap in place on the supervisory fees chargeable to those that fall within the Bank of England's supervisory remit in Part 5 of the Banking Act 2009.

Raising the cap on supervisory fees

3.2 Ensuring effective and proportionate regulatory oversight of payment systems is key to ensuring the competitiveness and financial stability of the UK as a global hub for payments. The Bank of England is responsible for oversight of recognised payment systems, operators in relation to such systems, service providers in relation to such systems, recognised DSA service providers and service providers in relation to such DSA service providers.

3.3 The Bank of England charges an annual supervisory fee in relation to those systems within its remit, in order to cover its costs of supervision.

3.4 This annual supervisory fee includes the costs of supervision staff together with relevant policy support, specialist resources, corporate services and other costs associated with the work of the FMI Directorate. The Bank of England consults annually on the fee rate required to fund the supervisory activity required for the following year.

3.5 Currently the supervision fee is subject to a cap of £760,000, per in-scope system or service provider in any one year (see regulation 2(2) of the 2018 Regulations). This cap has remained the same since 2018 and was based on an estimate of the maximum cost of supervision to the Bank of England for the five year period following its introduction.

3.6 The cost of payments supervision to the Bank of England now exceeds the existing 2018 cap in part due to greater focus on operational resilience supervision (which requires supporting use of specialist resource) that has seen the cost of supervision for all FMIs increase over this timeframe. Driving factors that may further increase costs include - inflationary cost increases, any further necessary changes to the Bank of England's supervisory approach and an expected increase in policy work in payments over the coming years. This is a result of both the need to develop and maintain a simple payments rulebook, and policy amendments needed to reflect industry developments, enable safe innovation and ensure end-to-end regulation of systemic payment systems.

3.7 Currently the Bank of England varies fees according to the category of a system with smaller or less systemic systems, with lower potential to cause disruption to the financial system, requiring less intensive supervision and therefore in its 2025/26 annual fee consultation[4], the Bank of England outlined its intention introduce a third fee category for less systemic systems in order to encourage innovation and support new and less systemic system by charging them lower fees, proportionate to the amount of supervisory work and oversight required.

3.8 The Government recognises the importance of the changes being made to the Bank of England's supervisory approach and supporting policy framework in allowing the Bank of England to deliver on its objectives in the changing payments landscape. **The Government proposes to raise the fee cap to £1.7m per in-scope system, DSA Service Provider or their service providers in any one year.** This cap is intended to give some headroom over the Bank of England's estimate of supervisory costs to the Bank of England over the coming years, although changes in circumstance may lead to it needing to be revisited. This will ensure that the Bank of England's costs of supervision are fully covered by the fees charged to operators of recognised payment systems, DSA service providers and service providers in relation to such systems or DSA service providers.

3.9 Whilst this consultation concerns the cap on the maximum possible fees chargeable, actual fees will be consulted on by the Bank of England each year and may not reach the upper bound or exceed its costs. Any revisions to the Bank of England's fee structure in future will be set out in the annual fee consultation paper issued by the Bank of England.

3.10 Further to the outcome of this consultation HMT will work with the Bank of England to consider whether any transitional period is required to be included within legislation in order to move to the new supervisory and Special Project Fee caps. The assumption is that any transition conducted part way through an in-train fee year will require fees to be pro-rated for the portion of the year during which the old and new fee caps apply respectively. This aspect of the reforms is not being consulted on but is provided for information to enable consultees to consider the proposals.

4 The Bank of England's fees regime for financial market infrastructure supervision 2025/26 | Bank of England

Question 2:

- Do you agree with the Government's intention to raise the supervision fee cap for operators of recognised payments systems, recognised digital settlement asset service providers, and service providers in relation to such systems or such digital settlement asset service providers to £1.7m in any one year period?

Chapter 4

Raising the cap on Special Project Fees

4.1 This chapter sets out the Government's proposed approach to raising the existing cap on the Special Projects Fees chargeable in relation to systems within its remit.

Raising the cap on Special Project Fees

4.2 The Banking Act 2009 (Fees) Regulations 2018 allow for the Bank of England to levy a Special Project Fee on an operator of a recognised payment system and service providers in relation to such system where the Bank of England considers that events require further supervision of such persons (see regulation 2(1)(b) and (3)). These could be for work on one-off projects or significant activities that may be time limited or require additional supervisory resource to undertake. This fee is currently capped at £500,000 per in-scope system or service provider in any one year and has been since its introduction in 2018. The Bank of England levies this fee infrequently and only following engagement with those in scope prior to use.

4.3 **The Government proposes to increase the Special Project Fee cap to £650,000 in any one year period to account for inflationary cost increases during the period since the introduction of the fee, and to account for future inflation.**

4.4 As for the cap on supervisory fees, Special Project Fees cannot exceed the costs to the Bank of England.

Question 3:

- Do you agree with the Government's intention to raise the fee cap for Special Projects Fees for operators of recognised payment systems, recognised digital settlement asset service providers, and service providers in relation to such systems or such digital settlement asset service providers to £650,000 in any one year period?

Chapter 5

How to respond to this consultation and next steps

Summary of consultation questions

Question 1:

Do you agree with the proposal to amend the scope of the fee regime to include digital settlement asset service providers, and service providers in relation to them?

Question 2:

Do you agree with the Government's intention to raise the supervision fee cap for operators of recognised payment systems, recognised digital settlement asset service providers, and service providers in relation to such systems or such digital settlement asset service providers to £1.7m in any one year period?

Question 3:

Do you agree with the Government's intention to raise the fee cap on Special Projects Fees for operators of recognised payments systems, recognised digital settlement asset service providers, and service providers in relation to such systems or such digital settlement asset service providers to £650,000 in any one year period?

How to respond to this consultation

5.1 The consultation will close on 31 August 2026. The Government is inviting interested parties and stakeholders to provide responses to the questions set out above and to share any other views on the proposed amendments to the approach to supervisory fees for payment systems. The Government is interested in receiving representations from all interested parties and stakeholders.

How to submit responses

Please send responses to paymentsystemfees@hmtreasury.gov.uk or post to:

Payments and Fintech

HM Treasury

1 Horse Guards Road

London

SW1A 2HQ

Next Steps

5.2 This consultation sets out details of the Government's proposed approach to update the scope of the fee regime in connection with Part 5 of the Banking Act 2009 set out in regulations to include DSA service providers and raise the fee caps for supervisory and Special Project Fees charged by the Bank of England for the supervision of recognised payment systems, DSA service providers and their service providers.

5.3 The Government will carefully consider the responses it receives to this consultation and use them to inform a response and decisions on its final policy.

Annex A

Specification of Payment Systems and Providers

Box A.1 HMT Specification of Payment Systems and Providers

- In considering whether to recognise a payment system or DSA service provider, HM Treasury must have regard to a number of criteria, for example, the number and value of the transactions that the system presently processes or is likely to process in the future (section 185(2)(a)) or the value of the services in relation to payment systems that the DSA service provider presently provides or is likely to provide in the future (section 185A(2)(a)).
- Certain of the Bank of England's powers can also apply to specified service providers of recognised payment systems and recognised DSA service providers, for example, the principles to which they are to have regard in providing such services (section 188(c)). For the purposes of those powers (namely those in section 188 to 199 of the Act), references to the provision of services by such service providers include references to (i) services provided by the service provider which form part of the arrangements constituting, or connected with, the system, an (ii) the service provider's arrangements for governance or risk management, or for any other matters which may affect the provision of the services by the service provider (section 183(K)).

Privacy Notice

Introduction

1.1 This Privacy Notice should be read alongside HM Treasury's (HMT's) Personal Information Charter. The Charter sets out:

- **the standards you can expect from HMT when we use your personal information;**
- **the contact details for our Data Protection Officer;**
- **how to exercise your Data Protection Information Rights (including access);**
- **how to exercise your right to complain to the Information Commissioner's Office.**

https://www.gov.uk/government/organisations/hm-treasury/about/personal-information-charter

5.4 This Privacy Notice supplements the Personal Information Charter and outlines additional information in relation to Consultation and Calls for Evidence responses from all interested parties and stakeholders.

5.5 This Privacy Notice should be read in conjunction with the relevant consultation guidance, as the consultation documentation will provide additional information about how consultation responses will be used. Where this Notice and the consultation documentation differ, the latter will take precedence.

Data Controller

5.6 A data controller makes decisions about processing activities. They exercise overall control of the personal data being processed and are ultimately in charge of and responsible for the processing.

5.7 The data controller for this processing activity is HMT, unless otherwise stated. We sometimes issue consultations in partnership with other agencies and government departments, which will be apparent in the branding and wording of any joint consultations.

Data Processors

5.8 A data processor is an organisation or company that handles personal information on our behalf, following our instructions. Data processors do not use your information for their own purposes; they only process it as directed by us.

5.9 The following organisations are directed to process your personal information on our behalf:

Processor Name	Function
Microsoft	Provision of enterprise IT services including email, document storage, collaboration tools, and infrastructure support

Who we process personal data about

5.10 The table below outlines the categories of individuals whose personal data we will process in this activity, alongside the types of personal data we will use.

Category of Individual	Types of Personal Data
Members of the public Representatives of businesses or organisations	Name Postal address Email address Telephone number Job title and employer (where an individual is making representations on behalf of an organisation) Personal opinion

5.11 We may also process special category data or data about criminal convictions, if you volunteer such information. Special categories of personal data may include:

- Data about racial or ethnic origin
- Political opinions
- Religious or philosophical beliefs
- Trade union membership

Source of your Personal Data

5.12 Personal data of the individuals listed above will be collected in the following ways:

Directly - from Respondents (you)

Indirectly - from other agency and government department-led consultations, where HMT has policy interest

Purpose and Lawful Basis

5.13 We will process your personal data for the following purposes and using the specified lawful bases:

Purpose	Lawful Basis	Further Information
Obtaining opinions about government policies, proposals, or an issue of public interest.	Article 6(1)(e) of the UK GDPR – Public task Article 9(2)(g) of the UK GDPR – Substantial public interest Schedule 1, Part 2, Paragraph 6(2)(b) of the Data Protection Act – necessary in the exercise of a government department.	To help HMT understand who has responded to this consultation and, in some cases, contact respondents to discuss their response.

Who we share your personal data with

5.14 We will share your personal data with the following types of recipients:

- HMT staff and Ministers - who have a business need to access the data as part of the consultation process
- Other government departments and public authorities – who have policy functions relevant to the consultation topic. Sharing in this context will ordinarily be anonymised unless information about the respondent is necessary to inform policy

5.15 Please be aware that if we receive correspondence or communication which we consider threatening in nature or suggests a possible risk to you or a third party, we may share this correspondence (along with your personal data) with relevant law enforcement / safeguarding authorities.

International Transfers

5.16 Your personal data will not be transferred to an international recipient during this activity.

How long we hold your personal data

5.17 We will retain your personal data only for as long as necessary to fulfil the purposes for which it was collected.

5.18 For consultations and calls for evidence, personal data will typically be held for the duration of the consultation and review period.

Automated Decision-Making and Profiling

5.19 This activity does not involve automated decision making or profiling. This means that decisions which may affect you are not made solely by automated means without human involvement, and your data is not subject to analysis intended to evaluate or predict aspects such as your behaviour, preferences, or interests.

HM Treasury

July 2026

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

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