



23 April 2008

## **Financial Stability and Depositor Protection: Strengthening the Framework**

Dear Sirs

This response is made on behalf of Card Payments Group (CPG). CPG is the industry association of financial institutions who act as card issuers and/or acquirers in the UK card payments market. It is responsible for formulating and implementing policy on non-competitive aspects of card payments.

It is understood that the consultation focuses on issues associated with financial stability and consumer protection and on those issues that are likely to impact on the entire business portfolio of the financial institutions that operate within the UK. Although this would suggest that the main audience for the consultation are those areas that accept deposits, we believe there are one or two aspects of the consultation that potentially impact on card processing, e.g. oversight of payment systems (insofar as proposals relating to one payment system can have inadvertent consequences or implications for others) and the requirements for new accounts (insofar as they relate to the provision of debit cards as part of the basic functionality of a current account).

With cards a payment system in its own right, we are keen to ensure that any proposals that may impact are fully considered and/or that any inadvertent consequences arising from proposals relating to other payment systems are avoided.

We are pleased to note that the current consultation document indicates an intention to consult further on the details of the new and flexible framework for oversight of payment systems and that the Authorities are planning to work with banks and the appropriate trade associations on issues such as new account requirements.

CPG would welcome the opportunity to provide input and discuss proposals where there is a possible link to the card payments infrastructure. I am happy to facilitate the dissemination of information and co-ordination of a card industry perspective; I would therefore be grateful if you could include us in any subsequent and relevant consultations.

Yours faithfully