

LLOYDS  
BANKING  
GROUP



## GROUP PAYMENT SERVICES POLICY – SUPPLIER VERSION

### SUMMARY FOR THIRD PARTY SUPPLIERS

#### RATIONALE AND SCOPE

##### Group Policy Rationale

The purpose of this Policy is to assist in managing the risk arising from failure to follow payment service rules, regulations, and laws including codes of practice and EBA guidance that apply to all payment services operations and systems. This may result in poor customer service, regulatory censure and reputational damage.

##### Customer Impact

The Group's vision is to be the best bank for customers. The Payment Services Policy supports this vision by ensuring all activities relating to this Policy comply with relevant payment schemes, regulations, and laws with the aim of providing investors with strong, stable and sustainable returns by:

- Creating a framework, based on the relevant payments regulations, to protect and provide a consistently fair outcome for our customers.
- Ensure suppliers are aware of their obligations when managing payment services as part of their day to day activities.
- Ensure all systems, which support the activities in scope of the Payment Services Policy, maintain integrity, provide trust, and a fair service to the Group's customers.

##### Scope

The requirements of this Third Party Supplier version of the Payment Services Policy applies to all third-party suppliers, fintech or cloud suppliers who provide

- [Payment services](#) as defined within the FCA Handbook PERG15.3.
- A critical component of a payment service, where the process impacts the fulfilment of a [payment service](#).
- Processes or services which are captured under part 6 & 7 of the Payment Services Regulations 2017. This includes services which deal with terms and conditions of a payment account, unauthorised transactions, unknown or unexpected transactions.

##### Out of Scope

- Relationships with Third Party Banks.
- Third party developed tools (e.g. Payments Systems and platforms) that are either fully hosted by the Group, or fully operated by Group's colleagues, and no operational payments processing is undertaken by the supplier on the Group's behalf.
- Business areas who are payment service users and have outsourced their payment processes.
- Business areas who are making non-customer payments such as colleague's salaries, maintenance building costs etc.

**MANDATORY REQUIREMENTS**

The **Group Payment Services Policy Supplier Version Requirements** are as follows:

1. All reasonable steps are undertaken to ensure compliance with payment Schemes, payment legislation and / or regulations including the following:
  - Payment Services Regulations 2017 (PSRs part 6 & 7)
  - Funds Transfer Regulation 2015
  - Single Euro Payments Area (SEPA) Regulations
  - Cross Border Payments Regulations
  - Payment schemes including BACs, CHAPS, Faster Payments.
2. Reasonable steps include the identification of all risks, the implementation and monitoring of controls to ensure these are adequately mitigated.
3. All suppliers must be able to provide evidence including Management Information to the Group, as required that they are complying with Payment Schemes, regulations, and legislation applicable to their service.
4. Business areas operating outside the UK but within the EEA must adhere to the local legislation implemented under the Payment Services Directive (Directive 2015/2366 EC on Payment Services in the Internal Market) and in compliance with section 1 above.
5. Ensure the Group is immediately informed of any non-compliances along with any remedial actions taken to resolve to the Accountable Executive.
6. When dealing with a payment services incident ensure reporting requirements under Payment Service Regulation 99 and the corresponding [European Banking Authority's \(EBA\) guidelines under Article 25 of Regulation EU 2015/847](#) (guidelines were stated as at 1<sup>st</sup> January 2021) are complied with. Contact the Group **immediately** if a qualifying incident has occurred so that timely reporting requirements to the FCA are met.

**MANDATORY REQUIREMENTS – NON-COMPLIANCE**

Any material differences between the requirements set out above and the supplier's own controls should be raised by the Supplier with Lloyds Banking Group's Supplier Manager.

The Supplier Manager will then inform the non-compliance to the Accountable Executive and Nominated Payments Officer for the relationship, and it will be the responsibility of the Nominated Payments Officer to consult their local Risk team to agree a way forward.

Version Number	Effective Date
FINAL v1.0	01/04/2014
2.0	26/10/2015
3.0	05/08/2016
4.0	18/10/2017
5.0	02/03/2018
5.1	29/06/2018

5.2	25/10/2018
5.3	11/11/2019
5.4	30/03/2020
6.0	05/10/2020
6.1	01/03/2021
7.0	23/11/2021
7.1	30/03/2022