



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Newsletter

Payment and E-Money Newsletter

Issue 1 - December 2025

Welcome to this first edition, of what we intend to be a regular publication, of the Central Bank's Payment and E-Money Newsletter.

The purpose of the Newsletter is to provide updates on key regulatory developments in the Payment and E-Money sector and to signpost relevant upcoming changes. We are also providing you with some guidance on the process for Qualifying Holding Applications.

Our 2025 Regulatory and Supervisory Outlook report highlighted key risks in the sector, this Newsletter focuses on safeguarding of users' funds and culture, governance and risk management.

While the Central Bank's ongoing supervision is identifying some evidence of improvements in governance and risk management practices, we continue to identify a significant number of weaknesses. We continue to see firms with immature risk cultures that fail to proactively identify, manage and mitigate the risks to which they are exposed, potentially resulting in detriment to customers and the wider financial system. We hope the information set out in this Newsletter assists firms in positively moving the dial in their risk frameworks. However, firms should not see this as a tick box exercise for the highlighted risks but rather firms should consider their overall risk culture in a proactive manner such that it provides the foundations for a safe, resilient and consumer centric sector.

We look forward to continuing to work with authorised firms and their representative bodies in 2026 with a view to further strengthening the safety and soundness of the sector.

Tommy Hannafin

Head of Payments Regulation and Supervision Division



Thematic Inspection on Safeguarding

The Central Bank conducted a thematic inspection on safeguarding to assess the operational effectiveness of firms' safeguarding processes and control infrastructure. Both good practices and deficiencies were observed during the inspection. Insights from the inspection, along with the Central Bank's expectations, are outlined below. All firms should consider these findings and expectations in the context of their own safeguarding practices. Firms are reminded that the Central Bank has no tolerance for weaknesses in safeguarding arrangements.

Positive observations noted in some firms

- Firms have in place a daily safeguarding reconciliation process with oversight and final sign off at the firm level. Firms conduct regular compliance testing and annual safeguarding training is provided to staff.
- Users' funds are received directly into safeguarding accounts with associated fees and interest income stripped out.
- Insurance is used by firms as a mitigation against incidents outside of firms' control, for example, operational risk and FX risk, which can enhance consumer protections in the event of an insolvency.
- Firms that outsource elements of the safeguarding process have in place outsourcing risk management frameworks, with relevant SLAs, and regular service review meetings taking place with local oversight of outsourced teams.

Deficiencies identified in some firms

- The reconciliation process was not clearly outlined in safeguarding policies and procedures.
- There was no clear segregation of duties between the performance and oversight of the reconciliation process. There was a blurring of the first and second lines of defence, with second line teams performing operational safeguarding tasks.
- Weaknesses were found in safeguarding incident reporting, with a lack of documented thresholds for safeguarding incident escalation, and insufficient and incomplete safeguarding incident logs.
- Some firms have significant proportions of safeguarded funds held in individual credit institutions giving rise to concentration risk. There were also poor credit risk management practices, as firms did not have a documented credit risk appetite in place with no counterparty limits calibrated to risk appetite.
- Lack of knowledge and understanding of the safeguarding insurance policies/guarantees at the Irish entity level.
- Some safeguarding insurance policies contained insufficient information in relation to how a claim would be made and the timeline for payment.
- There was a reliance on group entities to conduct due diligence of insurance providers with no oversight by firms.

- Insurance policies held in the name of a group entity rather than the Irish entity resulting in firms being required to seek payment from group in the event of a claim/insolvency event rather than the funds being paid directly to the Irish entity.
- Some firms erroneously included negative customer balances in the reconciliation which serves to undermine its accuracy leading to the underfunding of safeguarded users' funds.

Central Bank Expectations

- Firms have in place a robust, board approved, safeguarding risk framework which ensures that users' funds are appropriately identified, managed and protected on a day-to-day basis.
 - Firms appoint a directly responsible individual for safeguarding with a strong understanding and oversight of the firms' safeguarding processes. Note: A new PCF role, PCF-56 Head of Safeguarding, is being introduced in 2026, with firms required to appoint an individual to this role.
 - Regular safeguarding updates go to the Board, including safeguarding KRIs, incidents, and counterparty reviews. An incident management framework is in place applicable to safeguarding and reconciliation incidents, with defined escalation thresholds and procedures.
 - Annual compliance testing is conducted, including testing of safeguarding calculations, review of account designation letters to confirm that safeguarded users' funds are clearly identified and identifiable by third parties, and review of insurance policies to ensure the firm has adequate cover for safeguarded funds.
 - Annual safeguarding training is provided to the Board and staff.
 - Proactive management of credit risk is in place with concentration limits calibrated to risk appetite. There should be ongoing monitoring of counterparties, with sufficient oversight by the second line of defence at the local entity level.
 - Local teams with the responsibility for the oversight of safeguarding should have a full and detailed knowledge of the coverage of the firm's insurance policy.
 - Insurance policies for safeguarding are written in trust for the benefit of the users and there should be no condition or restriction on the prompt payout of funds.
 - Terms of insurance policies should clearly state how a valid claim or demand can be made and the timeline for payment. Where multiple insurers are utilised, firms must ensure that their full safeguarding obligation is covered in the event of insolvency.
 - An appropriate wind down strategy is in place, linked to the firm's business, that includes details of the return of users' funds in a solvent and insolvent wind down scenario. Wind-down plans include sufficient detail on the execution of insurance policies in a wind-down scenario.
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Cross-Sectoral Customer Experience Review

The Central Bank conducted a review examining customer experience through the lens of customer complaints across firms in certain sectors. The review highlighted that firms need to take additional steps to support customers in getting effective customer service and information throughout the customer journey. Firms should consider the Central Bank's expectations for managing customer service risk and take a consumer-centric approach that helps deliver fair outcomes for customers.

Consumer Protection Code (the Code)

The Code sets out the regulatory framework for dealing with customer complaints and provides protections to customers who make a complaint. The Central Bank expects that firms are complying with all regulatory requirements relating to complaints handling and complaints management. This includes an expectation to proactively identify complaints, at the earliest available opportunity. The onus should not be placed on the customer to explicitly request that a complaint is lodged or to engage with a firm to ensure a complaint is dealt with.

Expectations: Customer Service

- Firms should have robust and effective governance and control frameworks, processes and procedures in place to ensure that all customer complaints are handled speedily, efficiently and fairly.
 - Firms must provide clear, timely and accurate information to customers and ensure that employees have the requisite knowledge across products, services and processes to engage with customers.
 - Firms must communicate clearly, effectively, and in a timely manner, providing customers with sufficient information and updates as necessary.
 - Firms must ensure that they engage with customers in a respectful and helpful manner, including when listening to customers' complaints.
 - Firms should be able to demonstrate evidence of thorough investigation and resolution of complaints, as set out under Chapter 12 of the Code.
 - Firms should be proactive in supporting their customers and addressing dissatisfaction when it is raised and adopting a consumer focussed approach when engaging with customers.
 - Firms should take a holistic approach to undertaking robust root-cause analysis of issues arising from complaints. Firms should investigate the effectiveness of governance and oversight as well as behavioural and cultural root-causes that may be contributing to deficiencies in the customer journey.
 - Firms are reminded of the importance of having, and using, appropriate and timely management information, e.g. for complaints monitoring and for conducting effective complaints trend analysis.
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Focus On: Qualifying Holdings Application

All persons who directly or indirectly propose to acquire a qualifying holding or increase a qualifying holding in a PI/EMI must notify the Central Bank in advance of such acquisitions taking place. Failure to do so renders the acquisition null and void.

What is a Qualifying Holding?

A qualifying holding means a direct or indirect holding that reaches or exceeds a prescribed percentage (i.e. 10%, 20%, 30% or 50%). Persons who directly/indirectly dispose of a qualifying holding or decrease a qualifying holding below a prescribed percentage must notify the Central Bank.

Notifying a Qualifying Holding – Documentation required

Applicants should submit the following documentation to the Central Bank, via Kiteworks; contact your supervision team for Kiteworks access.

1. PI/EMI Qualifying Holding [Notification Form](#) including the specific information and documentation requested therein.
2. Qualifying Holder Assessment Forms for each relevant person who proposes to acquire or increase a qualifying holding:
 - (a) [Application for a Natural Person](#) with a Qualifying Holding (QH).
 - (b) [Application for a Legal Person](#) or Other Entity Type with a QH.
 - (c) [Application for a Director](#) of a Legal Person or Other Entity Type with a QH.
3. Fitness and Probity Individual Questionnaires for each individual who proposes to both acquire/increase a qualifying holding and hold a PCF role (i.e. board members, senior management, key function holders) in the PI/EMI.

Assessment of Qualifying Holding

Once the required documentation has been provided, the notification is acknowledged as complete, and the assessment phase commences. The Central Bank is legally required to complete its assessment of the notification within 60 working days of acknowledgement. If further information or clarification is sought, the 60 working days is paused for the shorter

- i. Of the period of the request and receipt of a complete response, and
- ii. 20 working days (within EU) or up to 30 working days (outside EU).

Approval of Qualifying Holding

On completing the assessment of a proposed acquisition, the Central Bank will notify the applicant of its decision in respect of the notification, as follows:

- a) No Opposition to Proposed Acquisition
- b) No Opposition to Proposed Acquisition with Specific Conditions
- c) Proposed Opposition to Proposed Acquisition

Helpful Tips based on deficiencies noted by the Central Bank

- Ensure applications are signed and dated by the acquirers, the target entity, and any disposers
- Legal entities must provide the signature of two directors, including the CEO
- Ensure applications are fully complete and include all relevant supporting documents, such as ID and CV for Directors
- On completion of QH the acquirer provides certified copy share register and letter from acquirer stating it is the beneficial owner of the shares and voting rights

Links to the relevant legislation: [PSR: Part 2, Ch 4](#) and [EMR: Part 2, Ch 8](#)

Upcoming Changes

This section provides some information on upcoming changes relevant to the sector.

Fitness and Probity

IQ Changes – The Central Bank has published new [Guidance on the Fitness and Probity Standards](#). The Guidance removes the need for separate third-party lawyer/notary attestation for PI, EMI & AISP in most instances. Objective evidence to support negative reputation answers will now only be required relating to criminal convictions, investigations and proceedings. Irish residents will undergo Garda vetting and non-Irish residents will provide police certificates where available or lawyer/notary attestation relating to criminal matters.

Head of Safeguarding Oversight PCF Role – In 2026, firms will be required to appoint a designated responsible person for the role of [PCF 56 Head of Safeguarding](#). This change reinforces the importance of firms protecting users' funds in the payments sector. Further information will be provided next year.

SEPA reporting

Firms providing SEPA Instant Payments will be required to submit a new return, the "[SEPA Instant Payment Transfers Individual](#)" via the Central Bank Portal by 9 April 2026. The first submission of information from PI/EMIs requires aggregated data for the periods 26 October 2022 – 31 December 2022 and the 2023 calendar year.

AML REQ

The Central Bank is adapting its supervisory approach to AML/CFT risk, in line with its strategic objective to become more data-driven, agile and scalable, and having regard to Financial Action Task Force standards and the new EU AML Framework. Following consultation with firms and representative bodies, the Central Bank has published revised [AML REQ](#) templates and guidance, with the first return covering the calendar year 2024 to be submitted to the Central Bank by 13 February 2026.

Revised Consumer Protection Code

Following a comprehensive review, the Central Bank has published a [Revised Consumer Protection Code](#) (Code). The revised Code will take effect on 24 March 2026 following a 12-month implementation period. Until then, the existing Consumer Protection Code 2012 (Code 2012) continues to apply to regulated firms, and the protections that are currently in place remain.

The revised Code builds on the protections of the existing Code 2012, with a particular emphasis on digitalisation, informing effectively, mortgages and switching, unregulated activities, frauds and scams, consumers in vulnerable circumstances, and climate risk.

Regulatory Returns Calendar - Key dates for 2026 returns:

| Return Type | Due Date |
|---|------------|
| AML REQ Return (2024) | 13/02/2026 |
| Quarterly returns | 31/01/2026 |
| Accounts & Supplementary | 30/04/2026 |
| (for firms with a 31 December year-end) | 31/07/2026 |
| | 31/10/2026 |
| Operational and Security Risk Return | 31/03/2026 |
| Dora Register of Information | 04/04/2026 |
| Instant Payments Return | 06/04/2026 |
| Annual Audited Accounts (due 6 months after financial year end) | 30/06/2026 |
| AML REQ Return (2025) | 01/08/2026 |

Contact Details

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For help using the Portal to submit returns:

<https://www.centralbank.ie/regulation/central-bank-portal/help/returns>