



connecting the future

Andrew Griffith, MP
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

24 August 2023

Dear Minister Griffith,

Re: Debanking of UK Fintech and Cryptoasset Businesses

On behalf of the members of both CryptoUK and The Payments Association, we are writing today to express our significant concerns about the 'de-banking' of fintech and cryptoasset businesses by UK banks. The ongoing difficulties firms in the sector face accessing banking services and having their existing accounts closed without notice or explanation are not only anti-competitive, but risk stifling growth & innovation in UK financial services.

We welcome your recent commitment to review banks' existing policies on payment account closures as well as HM Treasury's statement that the Government was 'resolute' in its position that financial services should be provided without discrimination as to a user's lawful views or expression of beliefs. We believe it is equally important that the rights of UK businesses to undertake lawful commerce are protected and that the development of emerging technologies isn't 'choked-off' by incumbents withholding access to the financial system.

At a recent Treasury Committee session, when questioned by MPs, high-street bank CEOs defended their decision to impose blanket bans and restrictions on transfers to crypto platforms, stating that they approached crypto from a 'fraud lens'. While it is crucial that banks continue to take firm action to prevent fraud in cases where suspicious activity is reported, we believe it is the role of the FCA and HM Treasury and not individual financial institutions to set the guardrails on which financial and business activities are legitimate.

The need to maintain robust standards in the fight against economic crime does not justify the wholesale freezing out of lawful businesses from certain sectors deemed by banks to present a higher risk, which in the crypto space includes platforms which are AML registered or hold

electronic money (EMI)/or capital markets (MiFiD) registrations or authorisations. We would echo recent calls from the Federation of Small Businesses to require greater transparency on closure decisions, and also note the high proportion of complaints made by de-banked customers that are being upheld by the Financial Ombudsman Service (FOS).

We strongly support HM Treasury's desire, reiterated in your recent response to the Treasury Committee report on crypto regulation, to create a proportionate regulatory regime for cryptoasset technologies, that mitigate risks to consumers while 'creating the conditions for safe innovation and competition'. Without urgent action to address this problem, the banking industry risks creating conditions in which fintechs cannot develop or innovate in the UK, which runs counter to the Government's stated approach and undermines its efforts to boost the competitiveness of the UK financial services sector through reforms delivered in the Financial Services & Markets Act.

We would also like to make reference to the recent announcement from the FCA relating to their [information gathering exercise](#) from UK banks and building societies on bank account closures. We would ask that upon the completion of this exercise by the FCA, the appropriate action is taken to ensure that accounts are not being closed without valid reasons and no further negative impact is felt by the industries we represent.

As part of your wider review of de-banking practices, we would ask that Government takes action to prevent UK fintechs from being denied access to the financial system. Our members wish to engage constructively with the banking sector and if government would be willing to convene a discussion, would welcome the chance to speak directly with bank CEOs and find a way forward.

Yours Sincerely

Su Carpenter
Director of Operations
CryptoUK - and our members
su@cryptouk.io

Tony Craddock
Director General
The Payments Association - and our members
tony.craddock@thepaymentsassociation.org

CryptoUK

CryptoUK is an independent industry body that exists as a cohesive, credible voice for the evolving UK crypto industry. It represents the UK's crypto asset sector, working directly with policymakers and market players to advocate for better education, mutual understanding, and fair and balanced policy. Its 155+ members include crypto natives, services, custodians, and institutional investors.

CryptoUK works with policymakers and agencies to improve protections where they are needed and remove barriers where they are not. It works with industry market participants to identify and promote use cases for digital and crypto assets which create value for UK PLC as well as promoting the UK crypto industry on the world stage. To find out more, please go to cryptouk.io.

The Payments Association

The Payments Association (previously the Emerging Payments Association, or EPA) is a community for all companies in payments, whatever their size, capability, location or regulatory status. Its purpose is to empower the most influential community in payments, where the connections, collaboration and learning shape an industry that works for all. It works closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, the PSR, Pay.UK, UK Finance and Innovate Finance.

Through its comprehensive programme of activities and with guidance from an independent Advisory Board of leading payments CEOs, The Payments Association facilitates the connections and builds the bridges that join the ecosystem together and make it stronger. These activities include a programme of monthly digital and face-to-face events including an annual conference, PAY360, The PAY360 Awards dinner, CEO round tables and training activities. The Payments Association also runs seven stakeholder working project groups covering financial inclusion, regulation, financial crime, cross-border payments, open banking, digital currencies and ESG. The volunteers in these groups represent the collective views of the industry and work together to ensure the big problems facing the industry are addressed effectively. The association also conducts original research which is made available to members and the authorities. These include monthly whitepapers, insightful interviews, and tips from the industry's most successful CEOs. See www.thepaymentsassociation.org for more information.