



payments
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A Blueprint for the Future of UK Payments

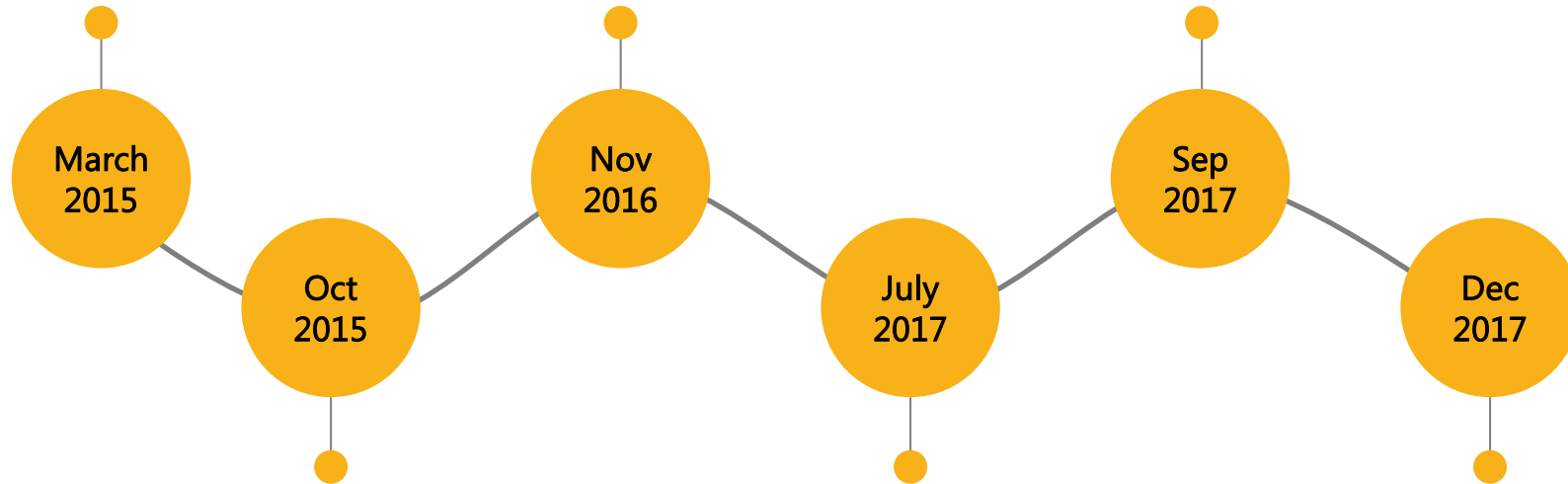
11th December 2017

Achievements of the Payments Strategy Forum

The Payments Strategy Forum (the Forum) was announced by the Payment Systems Regulator (PSR).

The Forum published its Strategy, a bold vision for the future of UK retail interbank payment systems.

The consultation closed on 22 September 2017.

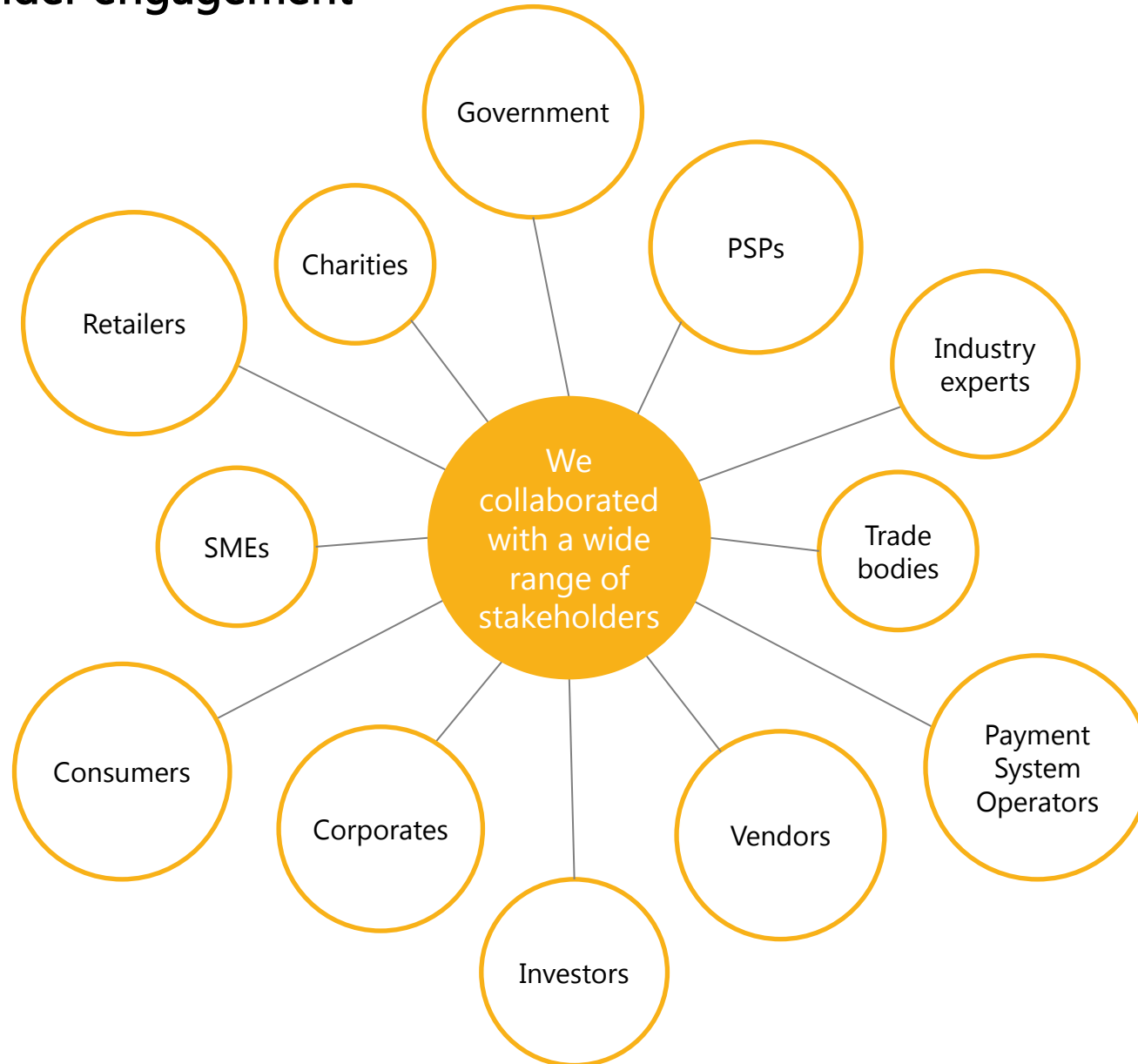


The Forum was established.

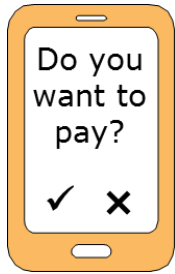
On 28 July 2017 the Forum published its 'Blueprint for the Future of UK payments' which contained 66 questions open for consultation.

Handover to the NPSO and publication of updated Blueprint.

Stakeholder engagement



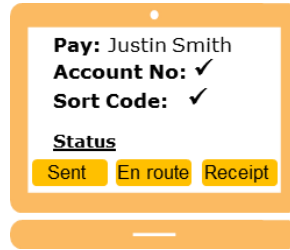
Three End-User Needs solutions were prioritised in the PSF strategy



1. Request to Pay

'Request to Pay' addresses detriments arising from a lack of sufficient:

- a) control
- b) flexibility and transparency in the current payment mechanisms to meet the evolving needs of some payment service users



2. Assurance Data

'Assurance Data' addresses detriments arising from a lack of assurance to payers. Lack of assurance:

- a) that they have sufficient funds to make the payment
- b) that they are making the payment to the intended payee's account
- c) on the status and position of a payment once it is made



3. Enhanced Data

'Enhanced Data' addresses the limited capacity in current payment systems to carry more structured data alongside the payment

Key detriments addressed are:

- a) lack of sufficient data especially to allow reconciliation
- b) lack of sufficient data to respond to increased data demands such as for Data Analytics etc.

We have gone through a rigorous and exhaustive process leading to the development of the EUN standards



- **Experienced Working group and support team:** Made up of representatives from the industry and PSOs, led on the standards development
- **Pool of industry volunteers:** We benefited from a pool of volunteers who shared their experiences, peer reviewed documents and proposals etc.



- **Extensive stakeholder engagement:** We have conducted numerous workshops and meetings with various stakeholder groups to define use cases; gather requirements and rules as well as critique and provide feedback



- **Robust participation:** 47 organisations' responded to the consultation questions that we posed
- **Response analysis and follow-up:** In addition to the consultation responses, 27 organisations volunteered to work through outstanding items such as liability considerations, data protection etc.

What next for the end-user needs solutions?

Consumers



- **Adoption:** To succeed, end-users need to adopt the solutions developed
- **Maintain engagement with the industry:** End-Users should continue engaging the payments industry
- **Advocacy:** Consumer groups must carry on with engaging and working with the industry to the benefit of consumers

PSPs



- **Development of the solutions:** PSPs – Banks, Building Societies, Fintech etc. – will have the important role of competitively providing the EUNs to end-users
- **Responding to end-user needs:** The needs of users are constantly evolving and it is key that PSPs are receptive and responsive to these changes

NPSO & PSR

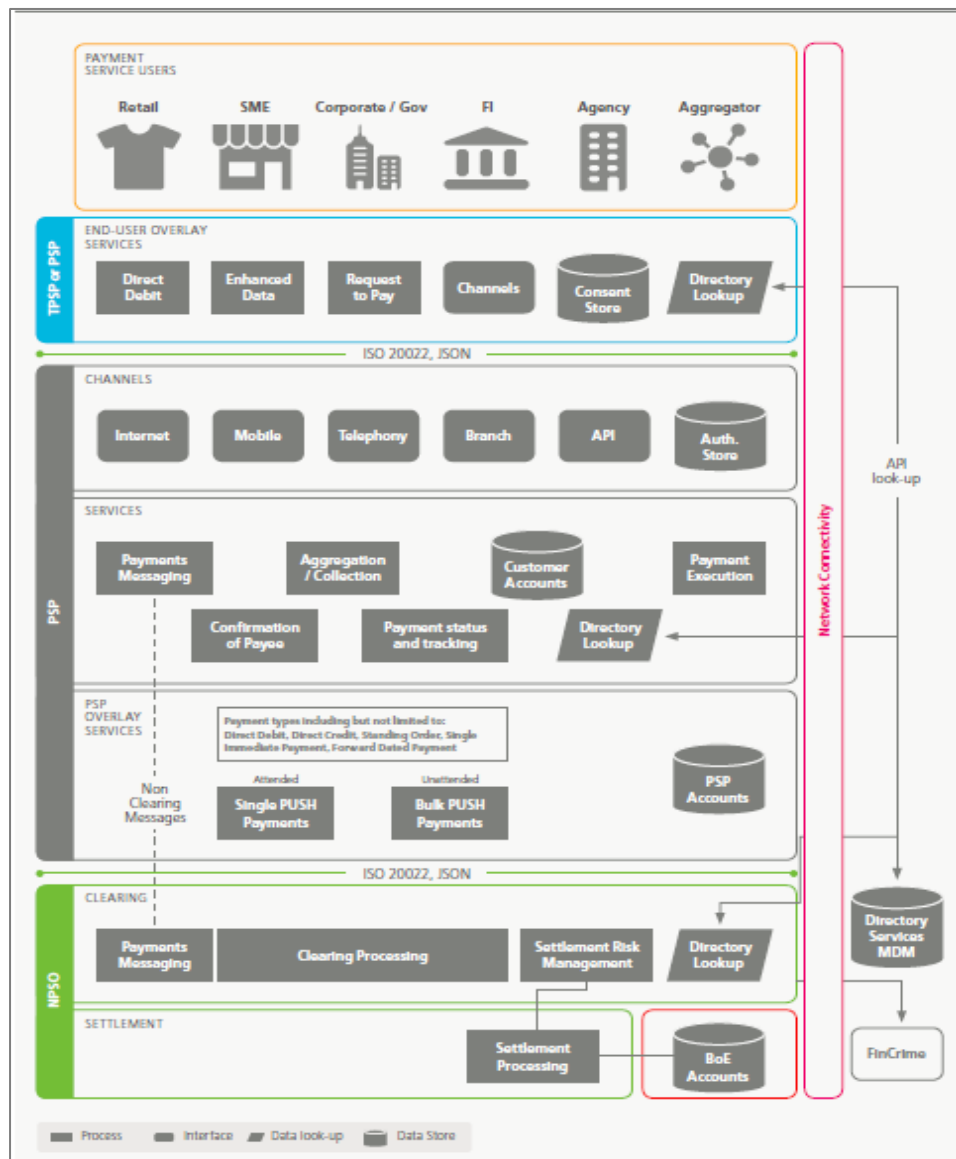


NPSO

The New Payment System Operator

- **Next phase of development:** The NPSO will lead on the next phase of development leading to their implementation
- **Creating an environment which fosters competition and innovation:** The PSR and NPSO should ensure that the right conditions are in place to enable development of competitive solutions that address end-user needs

New Payments Architecture (NPA)



NPA conceptual model



Competition and innovation with a layered approach and a 'thin' collaborative infrastructure.



Strong central governance with a single set of standards and rules



Access, innovation and interoperability, both in the UK and potentially internationally with the adoption of common, international messaging standard, ISO 20022.



Flexibility to support a range of existing and new end-user overlay services, e.g. Direct Debit, Request to Pay and Confirmation of Payee.

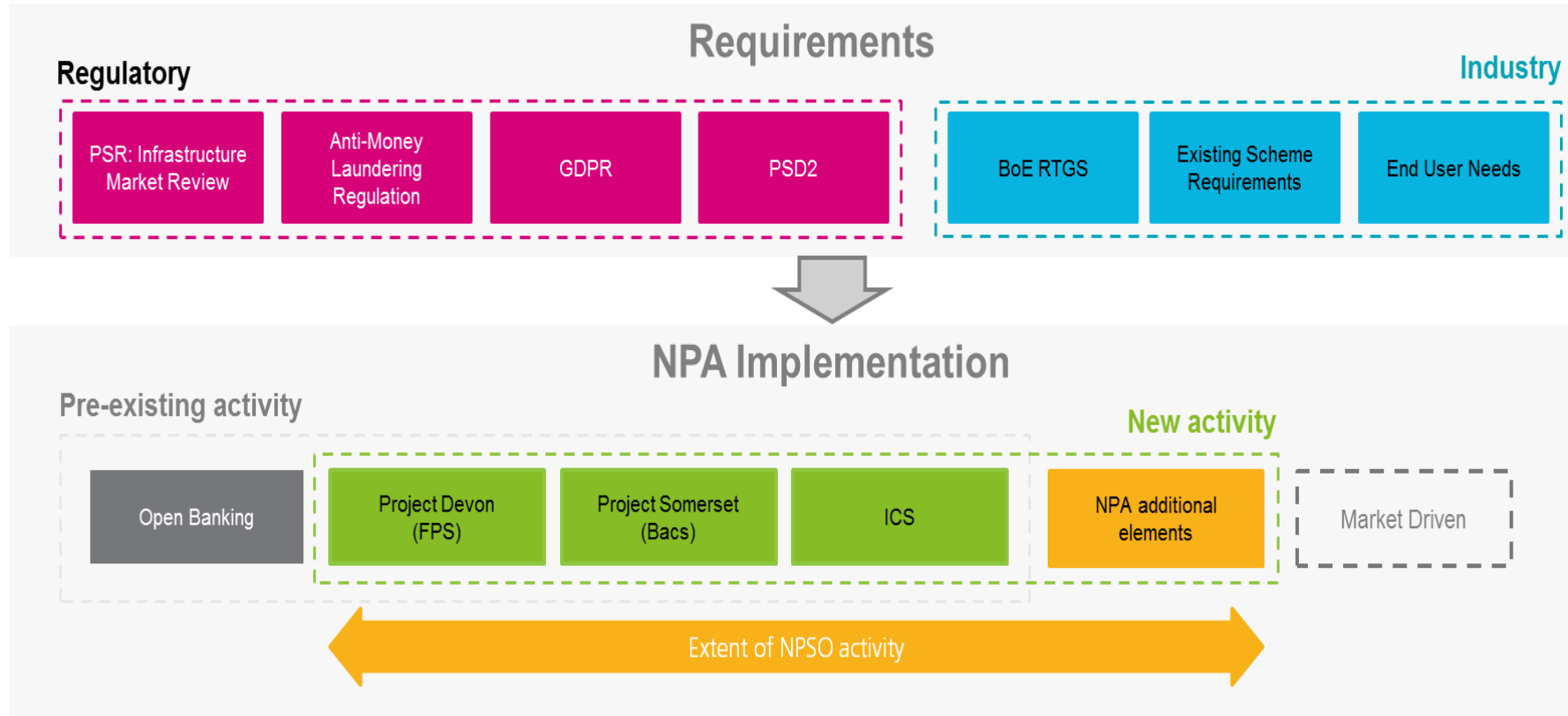


Simplicity and increased customer control with the use of 'push' payments

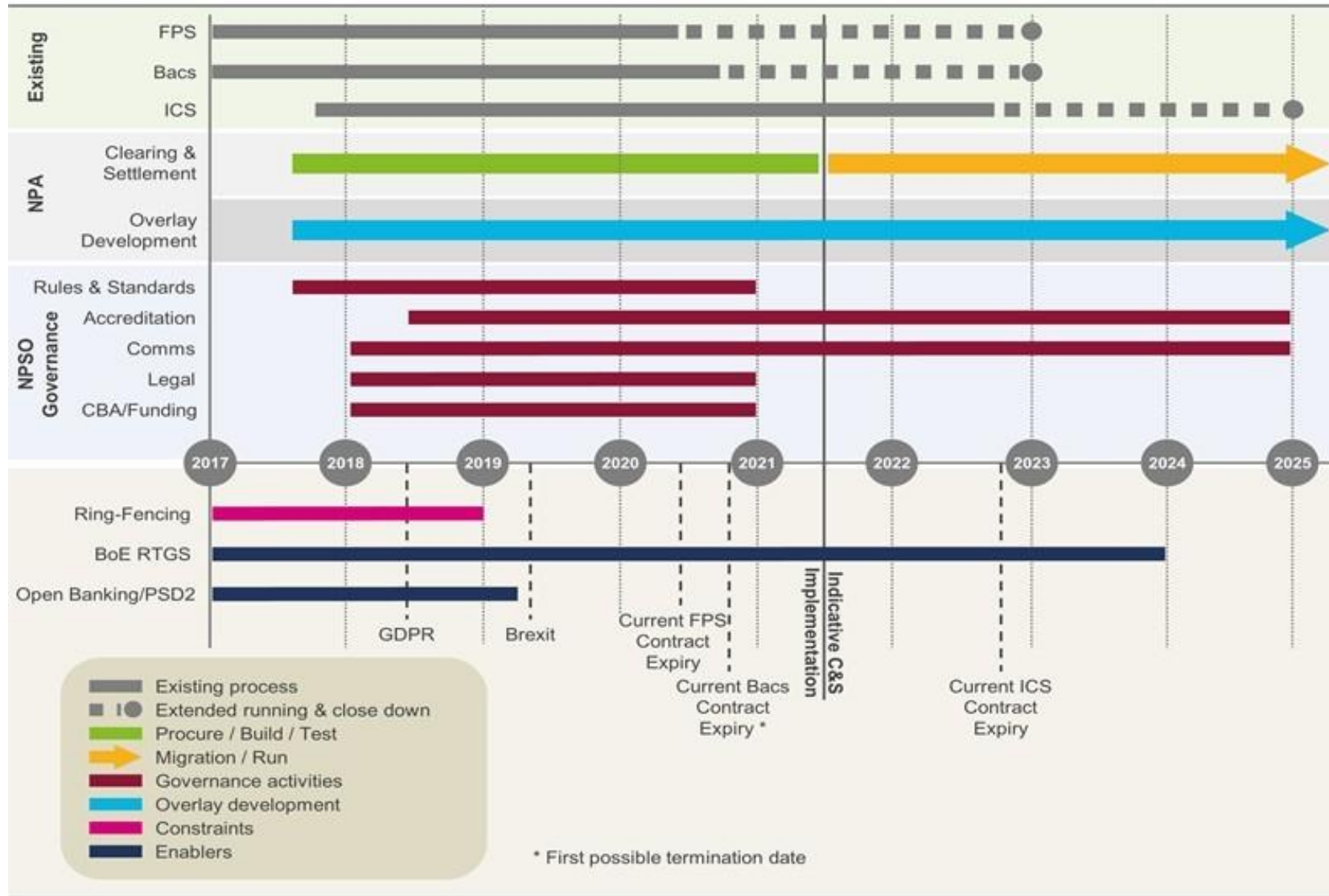


Security and resilience, with financial stability

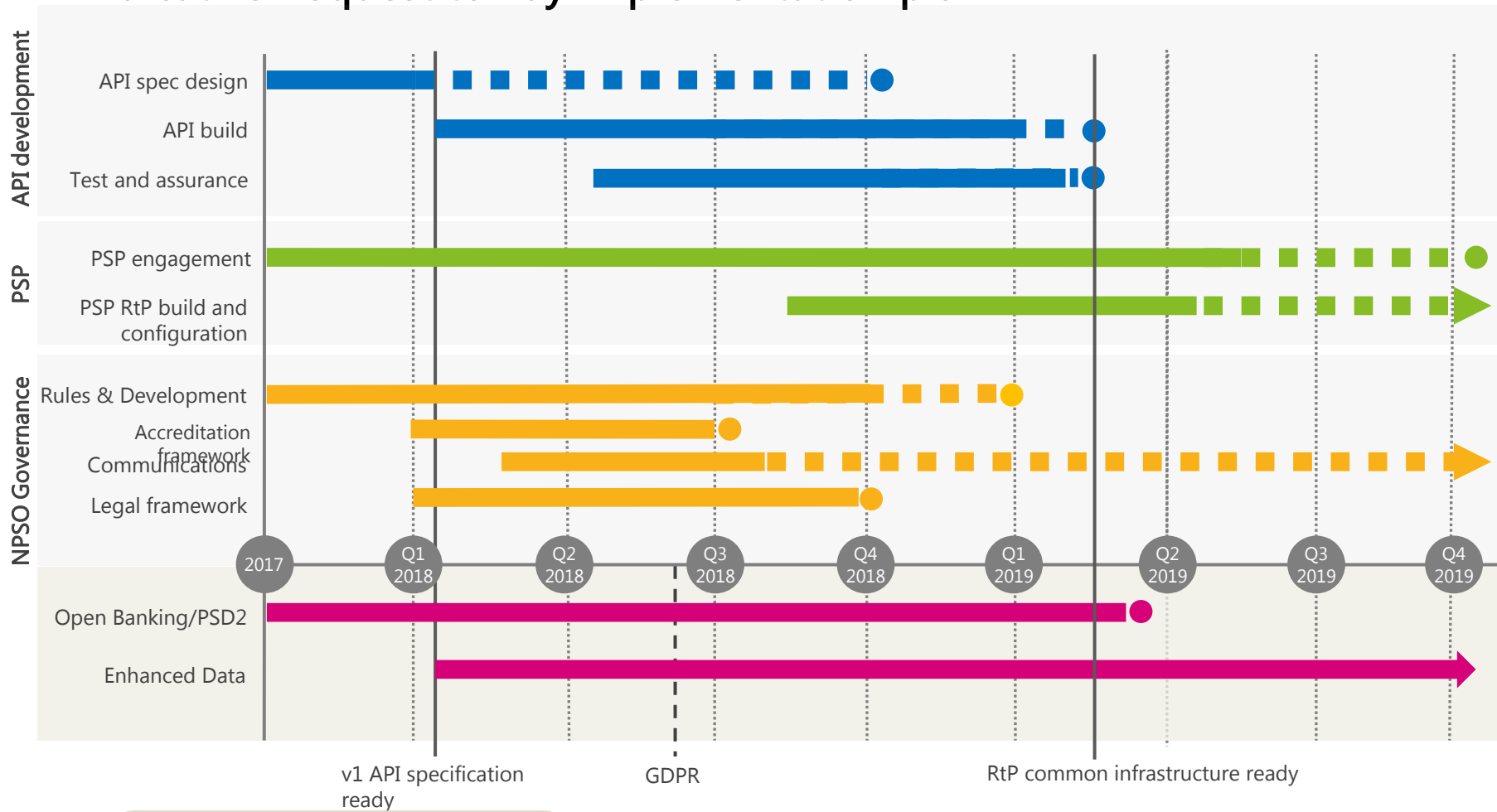
The NPA builds on current industry initiatives



NPA strawman implementation plan



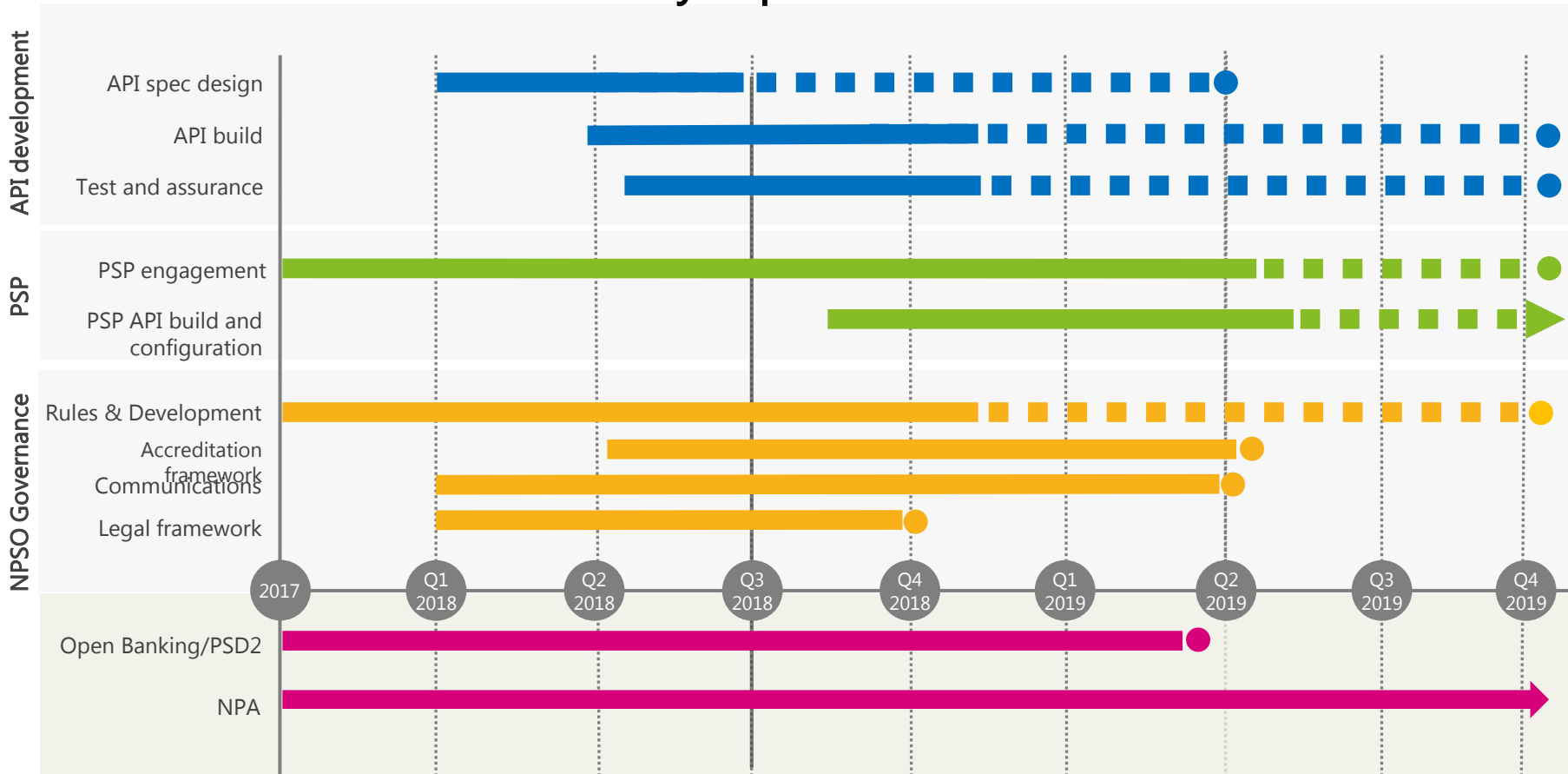
Indicative Request to Pay implementation plan



Legend:

- Blue bar: API design, development, build, test and assurance
- Green bar: PSP engagement, build, on boarding
- Orange bar: Governance activities
- Pink bar: Dependencies
- Blue arrow: Ongoing
- Blue circle: Milestone
- Blue squares: Enhancement

Indicative Confirmation of Payee plan

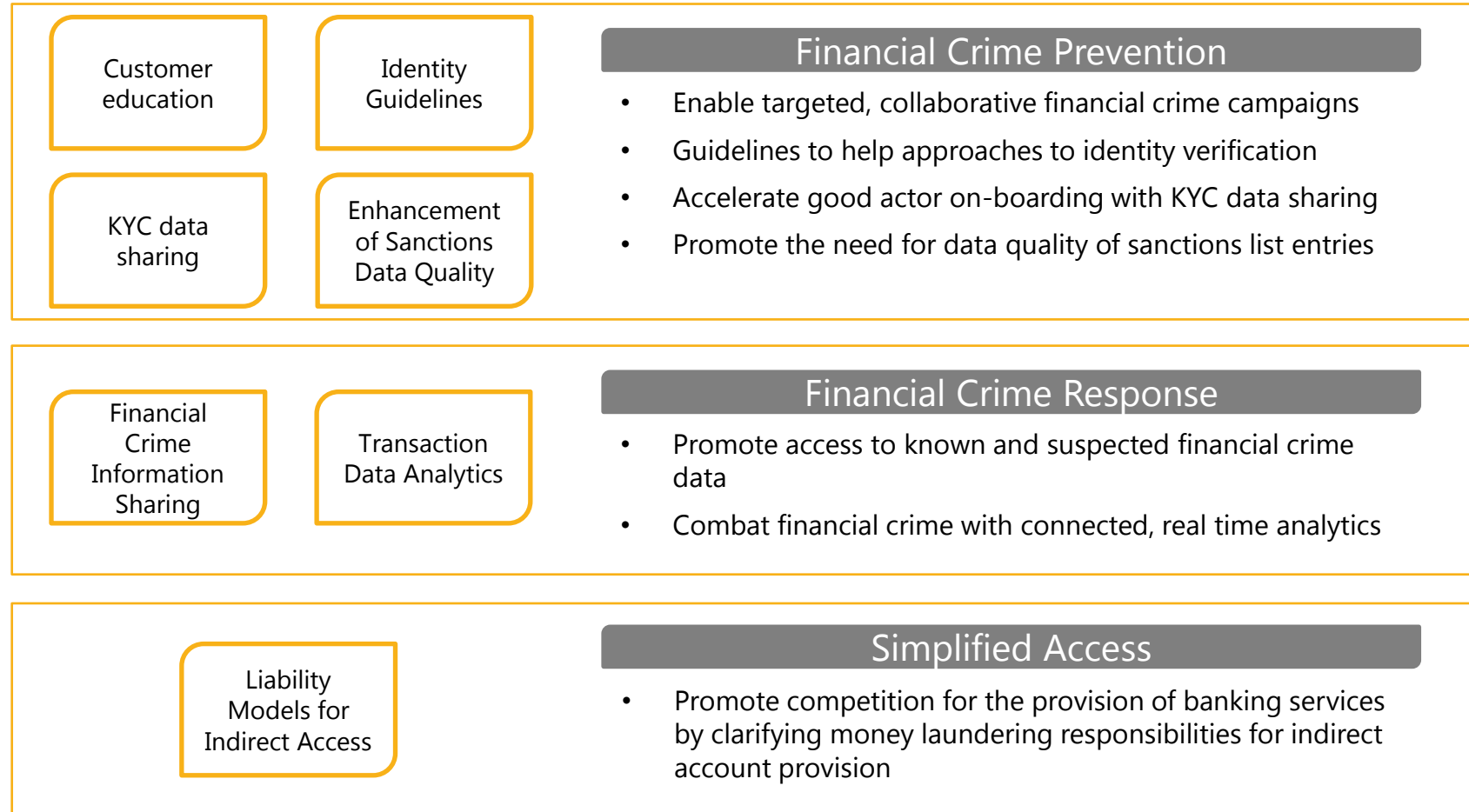


API spec ready

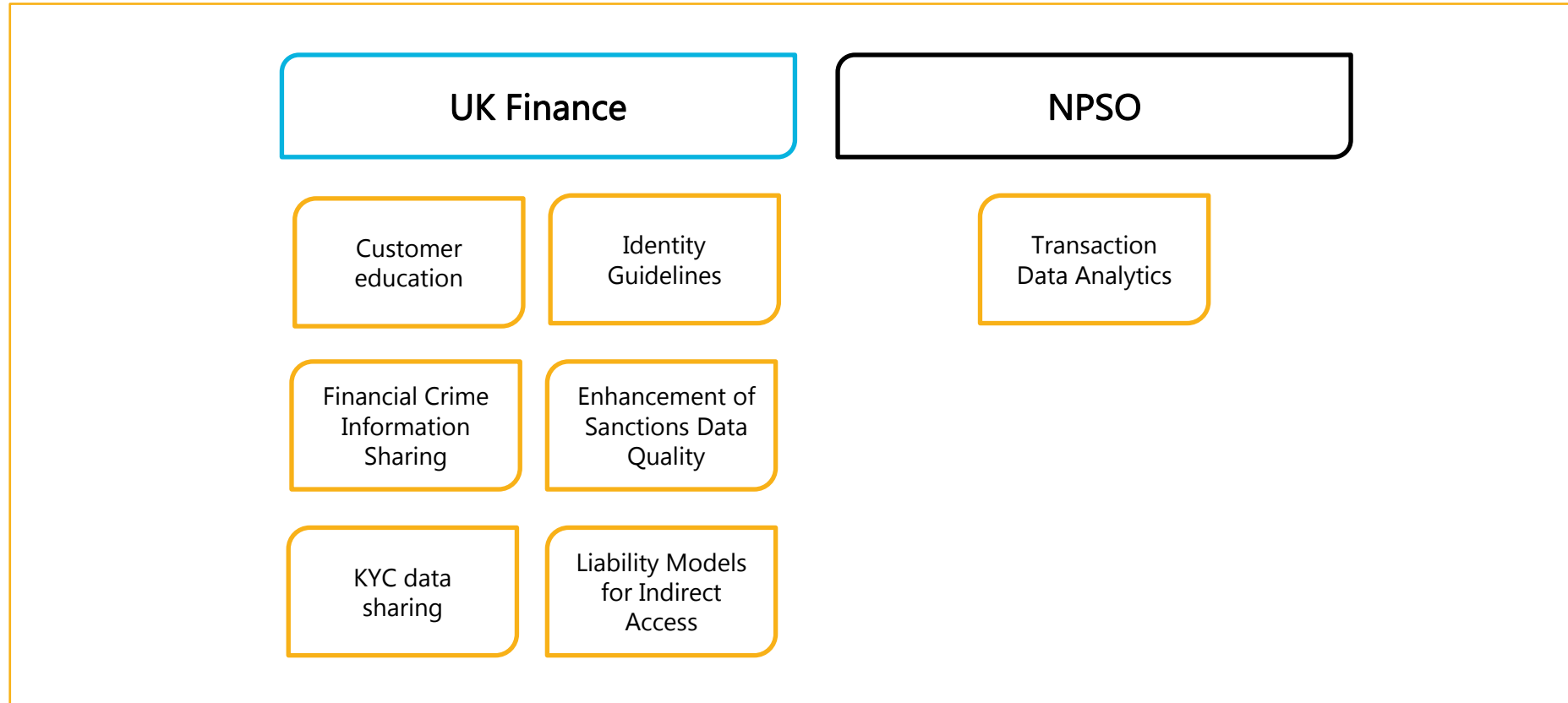
- API design, development,
- PSP engagement, build, on boarding
- Governance activities
- Dependencies

➔ Ongoing ● Milestone ■ ■ ■ Enhancement

Improving Trust in Payments: Solution objectives



Improving Trust in Payments: Owners moving forward



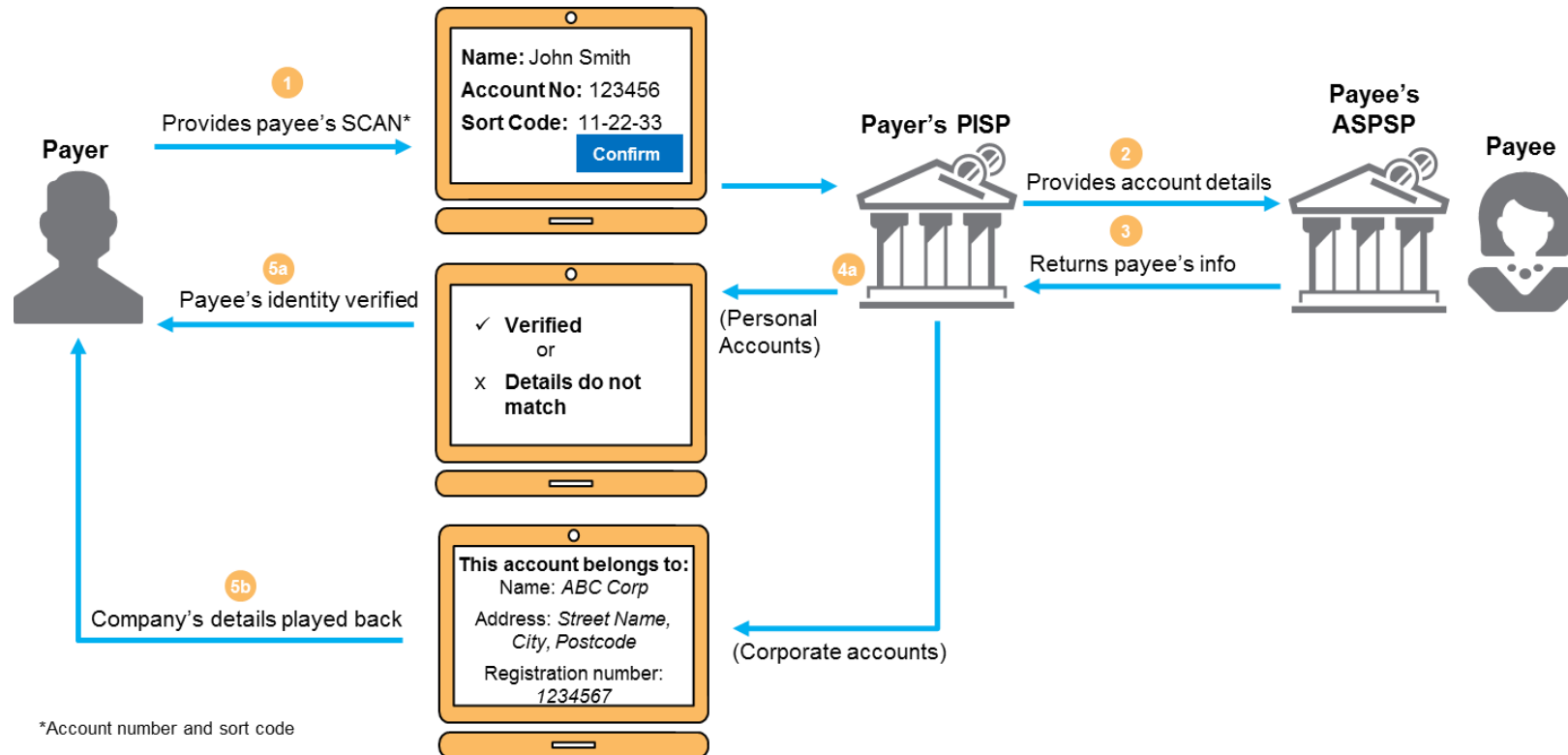


Appendix

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Confirmation of Payee – combined approach

Following respondent feedback, we identified a combined approach that leverages on the advantages of both approach 1 and 2 and addresses the cons highlighted.



- 1** The payer provides the payee's account name, account number and sort code.
- 2** The payer's PSP forwards the details provided to the payee's PSP.
- 3** The payee's PSP returns the payee's account name (plus address and registration number for companies) to the payers PSP.

- 4a** [For personal accounts] The payer's PSP matches the details provided by the payer to the details provided by the payee's PSP (one-to-one match).
- 5a** [For personal accounts] The payer's PSP, returns an affirmative/negative response.
- 5b** [For corporate accounts] The payer's PSP plays back the name, address and registration number.



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