

Agenda item 3 - Forum Strategy: Objectives; principles and structure

Background

At its October meeting the Forum discussed, albeit at a high level, the objectives, principles and structure of the Forum's strategy. Discussions covered whether the strategy should:

- be vision led or delivery focussed?
- be transformational or practical?
- aim to address all user needs at one time or should there be an appropriate level of prioritisation and acknowledgment there will be scope for further work after 12 months?

To help progress this debate the Forum Secretariat and the Forum Chair have worked together to determine the potential objectives; principles and structure of the Forums strategy. To aid our thinking we have:

- assessed strategy documents from other industries¹
- considered relevant feedback from the PSR November 2014 consultation and from our engagement with the Payments Community

Our analysis has identified that strategy documents are most successful, i.e. those that are implemented and achieve change, when:

1. They are clearly positioned both in terms of what they are trying to achieve and their place in the market
2. They focus on those who will benefit from the strategy, in our case the users of payment systems
3. They are supported by evidence
4. They recommend concrete and tangible deliverables and don't just outline a vision for the future
5. They include an action or implementation plan, with dates and owners

These document sets out our recommended objectives; principles and structure for the Forums consideration. The process to deliver the strategy is being discussed separately on the Forum's agenda under items 4; 5 and 6.

¹ The organisations we have researched include Money Advice Service – The financial capability strategy for the UK, European Bank For Reconstruction And Development - Energy Sector Strategy, World Bank Group Strategy, Ofgem – Smart Grid Vision and Routemap and the Australian Payment Systems Council – Consultation on strategy setting

Strategic objectives

Out the outset of any strategy setting process it is important that objectives are established that the strategy is aiming to achieve. In the context of our work we would recommend the strategy aims, at a minimum, to achieve the following objectives:

1. Secure and resilient
2. Efficient
3. Versatile and responsive to User Needs

ACTION: Forum to **discuss** and **agree** its objectives. The Forum Secretariat will then develop these into a vision statement for the strategy

Strategy setting principles

1. The Forum must ensure that **user interests** are at the heart of its strategy setting and **achieve general support from the Payments Community**
2. The work of the Forum should be **open and transparent**, and its strategy should be influenced by the views of the Community and taking into account relevant work undertaken by industry or others
3. Agreed strategic initiatives should be underpinned by a **positive business case**, including the impact on users; maintaining or enhancing **security and resilience**
4. The strategy should aim to be **ambitious in its outlook** but the **emphasis should be on concrete deliverables**, rather than a softer aspirational vision and / or goals
5. It should be **more important to address a small group of fundamental root causes** of detriments, rather than lots of individual detriments in isolation
6. The Forum **should anticipate that further work may be required beyond Year 1** but it will be important that the strategy identifies the work required; a timeframe for completion and an owner (s) as part of its implementation plan
7. Full account should be taken of **regulatory, technological and market developments** in and outside of the UK

ACTION: Principles 1 to 3 were agreed at the October meeting. Forum to **discuss** and **agree** principles 4 to 7

Strategic document structure

At a high level our analysis has identified that the most appropriate way to structure the strategy chapters may be as below, which broadly follows the Forum's strategy setting process:

Chapter Heading	Key areas to cover
Background	<ul style="list-style-type: none"> • Why the Forum was created; • How it was established; • Its principles and objectives; • Its Members; • Methodology including the role of the Working Groups and the role of the Payments Community
Executive Summary	<ul style="list-style-type: none"> • To summarise the key aspects of the strategy setting process and its recommendations
Market context	<ul style="list-style-type: none"> • A description of the current market including a clear description of the Value Chain
Horizon Scanning	<ul style="list-style-type: none"> • An assessment of regulatory; market and technology developments and how these are relevant to the Forums work
Detriments	<ul style="list-style-type: none"> • Key detriments identified at the start of the strategy setting process and how these led to the creation of the working groups
Priorities and solutions	<ul style="list-style-type: none"> • Chapter on each of End User needs; Simplifying Access to Markets and Financial Crime, Data and Security • To capture those detriments allocated to each; how their work progressed; their findings and solutions
Evaluation	<ul style="list-style-type: none"> • Summary results of the evaluation of options identified by the Working Groups • This will include what should be delivered competitively or collaboratively • This will capture relative priorities of each strategic initiative
Implementation Approach	<ul style="list-style-type: none"> • A clear implementation plan identifying workstreams; dates and owners.
Glossary	

ACTION: Forum to discuss and agree a proposed structure