

Speech

Hannah Nixon at the New Payment System Operator progress update

Speech by Hannah Nixon, Managing Director of the PSR, at the progress update for the New Payment System Operator on 28 September 2017.

“

I'm really delighted to have the opportunity to speak to you all at today's event. And I should start by congratulating both Melanie and Paul on their appointments. The fact that the new payment system operator (NPSO) is in a position to hold this briefing illustrates how much progress has been made in the interbank payments space over the last year.



Hannah Nixon

It was almost exactly one year ago that the PSR and the Bank of England announced that we would put in place a process to facilitate the consolidation of the operators of BACS, Faster Payments and the new cheque imaging system.

We established that process, with some very challenging deadlines, for two key reasons:

- First, we thought it important for there to be a clear process to allow the consolidation to proceed following the proposals made by the Payments Strategy Forum. We didn't want there to be uncertainty or delay in the process for staff at the operators or other stakeholders.
- Second, we thought the consolidation presented a major opportunity to enhance the structure and operation of UK interbank retail payments. And that remains our view. If done properly the consolidation will deliver a number of benefits. Key among those, for the PSR, is that the NPSO can take forward a number of the other recommendations made by the Forum, including the new payments architecture.

And the fact that today's event is being held highlights how successful that process has been:

- The Payment System Operator Delivery Group – which we set up to make recommendations on the consolidation – has completed its work on time. It has set out a compelling approach to allow the delivery of the NPSO in a way which supports the Forum's vision. Importantly, the Delivery Group has also put in place a framework that will allow for the completion of the consolidation by the end of the year – in line with our ambitious timetable.

(And, as a brief aside, I would like to take the opportunity to thank Robert Stansbury and the members of the delivery group for their hard work and commitment.)

- The Competition and Markets Authority has also given merger clearance for the transaction and, indeed, gave its approval more quickly than was required.
- Funding has been provided for the NPSO, and the NPSO corporate entity has been created. This has allowed for senior appointments to be made. And I understand good progress is being made toward the creation of its first board.

So, it seems like so far, so good. But, while we should take a moment to reflect on a job well done, we also need to recognise there is still a lot of work to be done:

- First, we need to get the transaction completed as per the agreed timetable. The PSR and the Bank will be monitoring progress closely over the coming weeks, and will be quick to act if we see blockers to getting things completed on time.
- Second, the Forum is progressing rapidly its detailed design and implementation planning, and is expecting to handover the NPA blueprint to NPSO at the end of 2017. So the NPSO must be in a position to then take that work onto the next stage during 2018 – we need to maintain the momentum that has been developed through the Forum.
- Finally, I'm very keen to see the NSPO continue the positive engagement with stakeholders that we have seen have through the Forum and its community. And I should say this is an area that the PSR will be particularly interested in as Melanie and her team further develop their approach to engaging with participants and other users.

So that's all from me. I hope you get a lot out of the briefing. I look forward to seeing the NPSO becoming fully operational, and stepping up to deliver the exciting change projects that have been identified by the Forum and the range of other benefits that the consolidation should bring.

