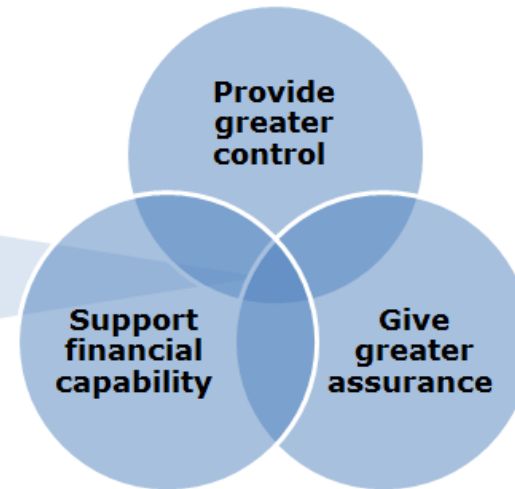


# Being Responsive to Consumer and Business Needs

Payments Strategy Forum | Second Payments Community Event



- In consultation with payments community (both individuals and organisations) the Forum identified a number of detriments
- 3 broad areas were allocated to the End User Needs working group

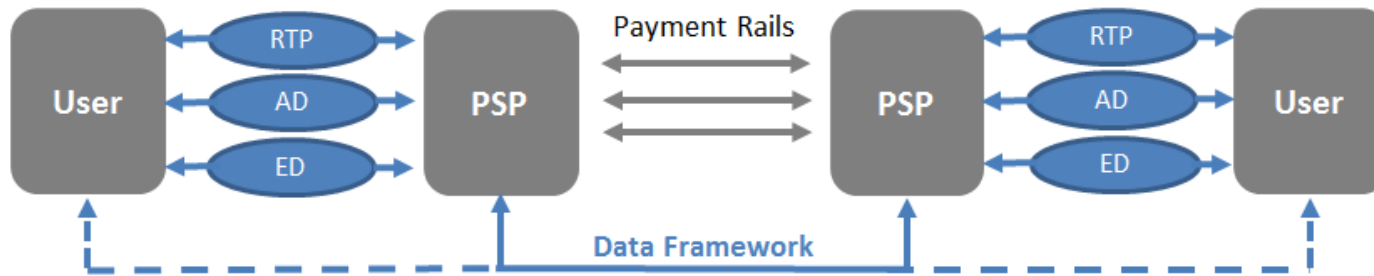


Using the framework provided by the PSR across a number of workshops the working group analysed and regrouped these detriments into 4 broad themes

- 1 **The need to have greater control over timing and amount paid**
- 2 **The need for users to have assurance over who they are paying and the status of their payment**
- 3 **The need to be able to attach contextual data linked to a payment to facilitate better reconciliation and processing of the payment**
- 4 **The need for payments to play a positive role in supporting the financial capability and inclusion of users**

# Draft Solution

From these themes the working group identified the need for a broad data sharing mechanism, 3 industry wide collaborative propositions and a set of design principles



## Industry wide data framework to enable the movement of data linked to payments

- This need was replicated across a number of working groups for a variety of detriments, as such work is consolidated under API governance as part of the simplified payments platform

## Industry wide collaborative propositions

- Request to Pay
- Assurance data (inc confirmation of payee)
- Enhanced data

## A set of best practise design principles for the development of payments systems

- Detriments, along with existing evidence showed that control is a major concern for end users, both payers and payees, people and corporates
- Request to Pay offers the ability to enhance control of a payment and enable enhanced dialogue and tracking of the payer payee relationship
  - Payee can create a payment request for a Payer to respond
    - Accepting (with payment), declining, delaying and or entering into a dialogue
  - Request could include amount requested, timescale requested, preferred / allowed payment method, recurrence, link to enhanced data for context
  - Resultant payment then be linked to the initial request to assist reconciliation

## Collaborative propositions - Assurance data (including confirmation of payee)

- Detriments, along with existing research evidence identified user concerns of misdirected or lost payments resulting in poor consumer trust. Corporates and government are also subject to large costs associated with misdirected payments and reconciliation
- Assurance Data including confirmation of Payee offers the ability to build trust and reduce errors
  - Payee to provide status of payment back to Payer
    - Receipt, processing and completion
  - Payer to enable confirmation of Payee details before pushing payment
  - Payer able to use natural contacts to push payments (e-mail, phone)
  - Payers and Payees to provide enhanced information to support misdirected payments

- Detriments, along with existing evidence highlighted that lack of contextual data in payments has limited its ability to support user needs
- Enhanced data enables the provision of contextual data to align with payments. This will support multiple user cases and enable new innovation (tax data, personal data, remittance data, warranties, invoices, receipts, pictures, data files etc. etc.)
  - This functionality can also be used along with payment associated messages used by RtP to provide context to the payment request
  - Will enable new innovations like bill splitting, invoice reconciliation, enhanced security, etc.

## Develop “simple to use” Design principles for the development of payment systems

- Principles were developed by the working group in consultation with the Money Advice Service to encourage industry to develop systems / services that address the needs of vulnerable users rather than just focussing on education

### Principles

- Projects to develop UK payment services reflect and respond to consumers needs
- Projects develop UK payment services in an inclusive way that enhances consumers ability to manage their money day to day
- Projects to develop UK payment services invest in financial capability interventions that work, where it remains necessary to develop consumers capability to engage with payment systems

# Progressing the Strategy

How the Strategy will move from draft to final



- Phase 1:  
**13th July** - to draft strategy publication – this sets out the Forum’s view that the UK payment systems need to modernise and change to stay fit for purpose and meet changing end users need;
- Phase 2:  
**14 September** – end of Consultation Period – develop high-level quantitative cost/benefit analyses for each relevant solution; review responses to enhance the CBA
- Phase 3:  
**November 2016** – publish strategy document
- Phase 4:  
**November and beyond** – potential for detailed design phase for solutions to be progressed

# Next Steps

What we'd like from everyone in the Payments Community

# Our request to you

Please:

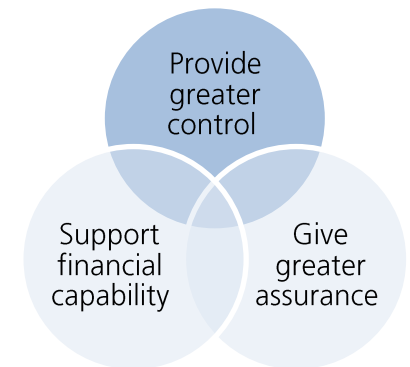
- Read the Strategy and think about what it means for you and those you represent;
- Respond to the questions it asks – as many or as few as you wish;
- Get more engaged if you can to help ensure its success; and
- Ask us your questions!

# Appendix

## Greater control

### • Detriments requiring solutions to provide greater control

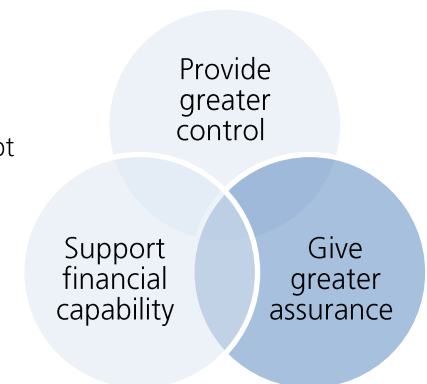
- Poor flexibility or ease of use to control push and pull payments
- Difficulty in handling exceptions/failures because of lack of control
- No real-time pull functionality
- Existing payments mechanisms not keeping up with pace of change with work and living habits – for example Direct Debits
- Account charges for bounced Direct Debits and unauthorised Direct Debits etc. affects the disadvantaged
- Unlimited Direct Debit guarantee makes it difficult to provision for risk or acts as a barrier for non-Direct PSP's and end users to offer the service
- Direct Debits are too rigid/lack transparency for customers with unpredictable incomes ; no control over exact dates or amounts; no part payments or flexibility causing exclusion from discounts and returned payment fees
- Security measures have technical problems and are too complicated for consumers – this is leading to high rates of sale-abandonment



## Greater assurance

### • Detriments requiring solutions to give greater assurance

- Lack of confirmation of receipt on payments
- Corporate service users would like to know where payments are at all times (if they are not real time) or if not have the ability to track payments at any time in the process
- No real-time balances causing financial detriment (overspending causing returned payments, fees)
- Investigation to solve issues around misdirected payments too complex
- Difficult to know who you are paying leads to misdirected payments and fraud
- Missing reference data causing misdirected payments/expensive in management of exceptions
- Data – limits on the extent of input and output data and no third party reporting



## Support Financial Capabilities

- **Detriments requiring solutions to support financial capabilities**
  - Poor flexibility or ease of use to control push and pull payments
  - Difficulty in handling exceptions/failures because of lack of control
  - No real-time pull functionality
  - Existing payments mechanisms not keeping up with pace of change with work and living habits – for example Direct Debits
  - Account charges for bounced Direct Debits and unauthorised Direct Debits etc. affects the disadvantaged
  - Unlimited Direct Debit guarantee makes it difficult to provision for risk or acts as a barrier for non-Direct PSP's and end users to offer the service
  - Direct Debits are too rigid/lack transparency for customers with unpredictable incomes ; no control over exact dates or amounts; no part payments or flexibility causing exclusion from discounts and returned payment fees
  - Security measures have technical problems and are too complicated for consumers – this is leading to high rates of sale-abandonment

