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Payments Community Roundtables

Monday, 25th January and
Tuesday, 26th January 2016

Welcome and Introduction

The Forum Secretariat

- **David McPhee**
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Focus of Today

- Update the Community on Progress to Date – Solutions will be shared at the next round tables in March 2016
- What to look forward to - Opportunities for on-going engagement

Please Note:

This is not an update by the Payment Systems Regulator (PSR) on its Work Programme



Overview of the Payments Strategy Forum

Michaela Costello

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A decorative graphic element in the bottom right corner consisting of overlapping pink and white shapes, resembling a stylized logo or abstract design.

UK Payments are a complex web of relationships



* Many businesses connect directly into the clearing functions for Bacs and FPS, but this is not represented on this simplistic diagram.

The challenges we're addressing



Difficult for service users to have a meaningful input into the development of payment systems



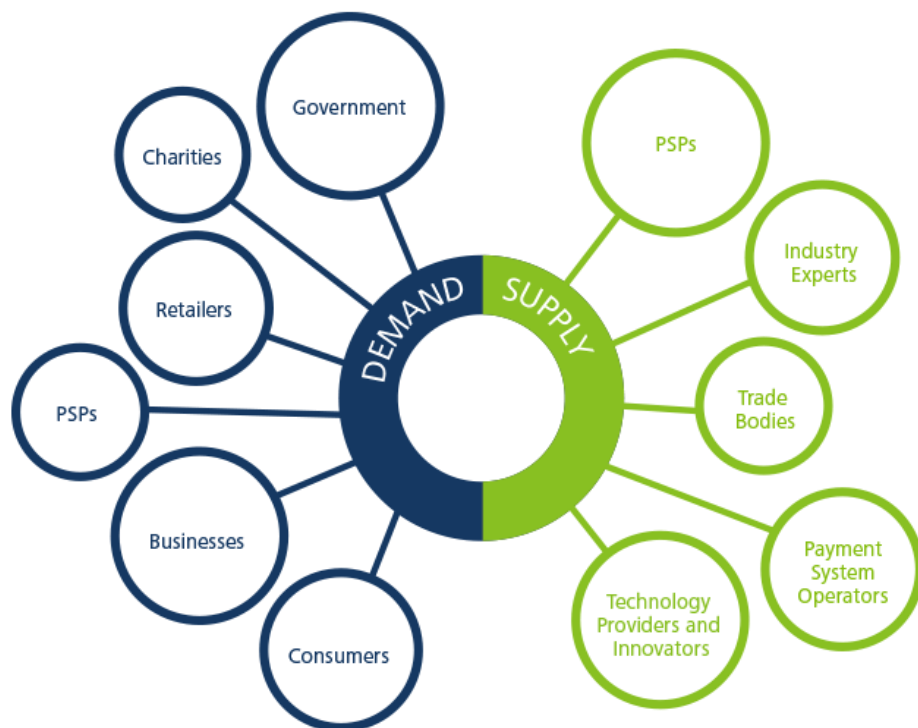
Lack of natural incentives for the industry to implement collaborative innovation in a timely manner

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Overview of the Payments Strategy Forum

Objectives

- The Forum will lead an ongoing process to identify, prioritise and develop strategic initiatives where industry can work together to deliver innovation for the benefit of those who use services provided by payment systems.
- The Forum will proactively engage with a broad and diverse range of consumer representatives and service-users, and put their views at the beginning of the strategy setting process.

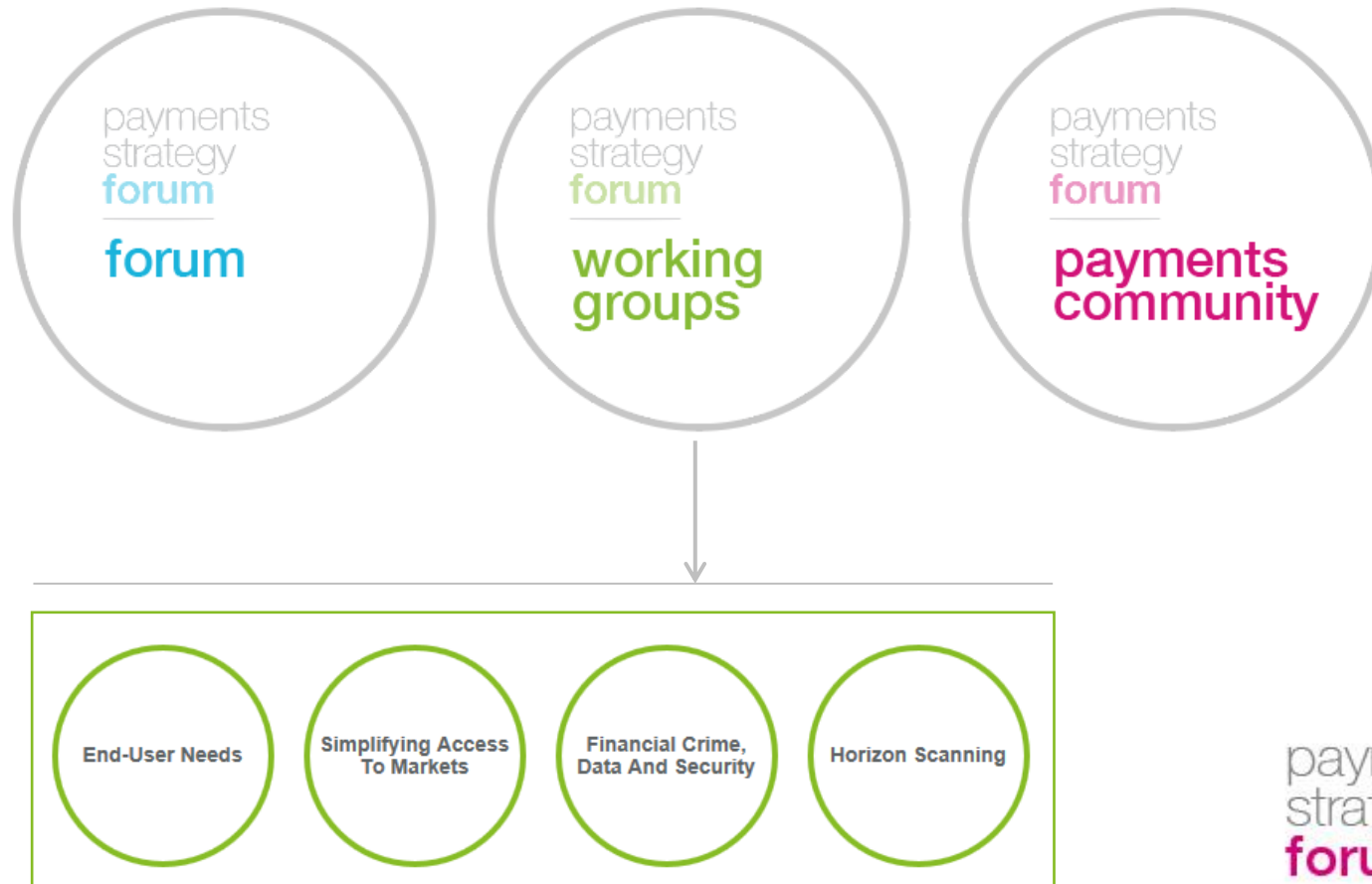


The role of the PSR

- Establish the Forum, appoint the Chair, provide secretariat and assess effectiveness
- Observer and monitor that our statutory objectives are being met
- We are **not setting the Strategy**

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Overview of the Payments Strategy Forum



Composition of the Forum



Ruth Evans

Chairperson

A Balanced Composition

The composition of the Forum aims to ensure that the Forum reflects the sector as a whole

- Adam Marshall, British Chambers of Commerce
- Alan Smith, Post Office
- Becky Clements, Metro Bank
- Carl Pheasey, Money Advice Service
- Carlos Sanchez, Orwell Group
- Faith Reynolds, Financial Services Consumer Panel
- John Hackett, HSBC
- Katherine Horrell, Centrica
- Lisa Felton, Vodafone
- Marion King, RBS
- Mark Lyonette, ABCUL
- Michael Maier, Fidor Bank
- Mike Smith, Raphaels Bank
- Neil Lover, Coventry Building Society
- Nick Davies, DWP
- Otto Benz, Virgin Money
- Philip McHugh, Barclaycard Business Solutions
- Russell Saunders, Lloyds Banking Group
- Ruth Milligan, British Retail Consortium
- Ruth Wandhöfer, Citi Bank
- Sian Williams, Toynbee Hall
- Thaer Sabri, Electronic Money Association

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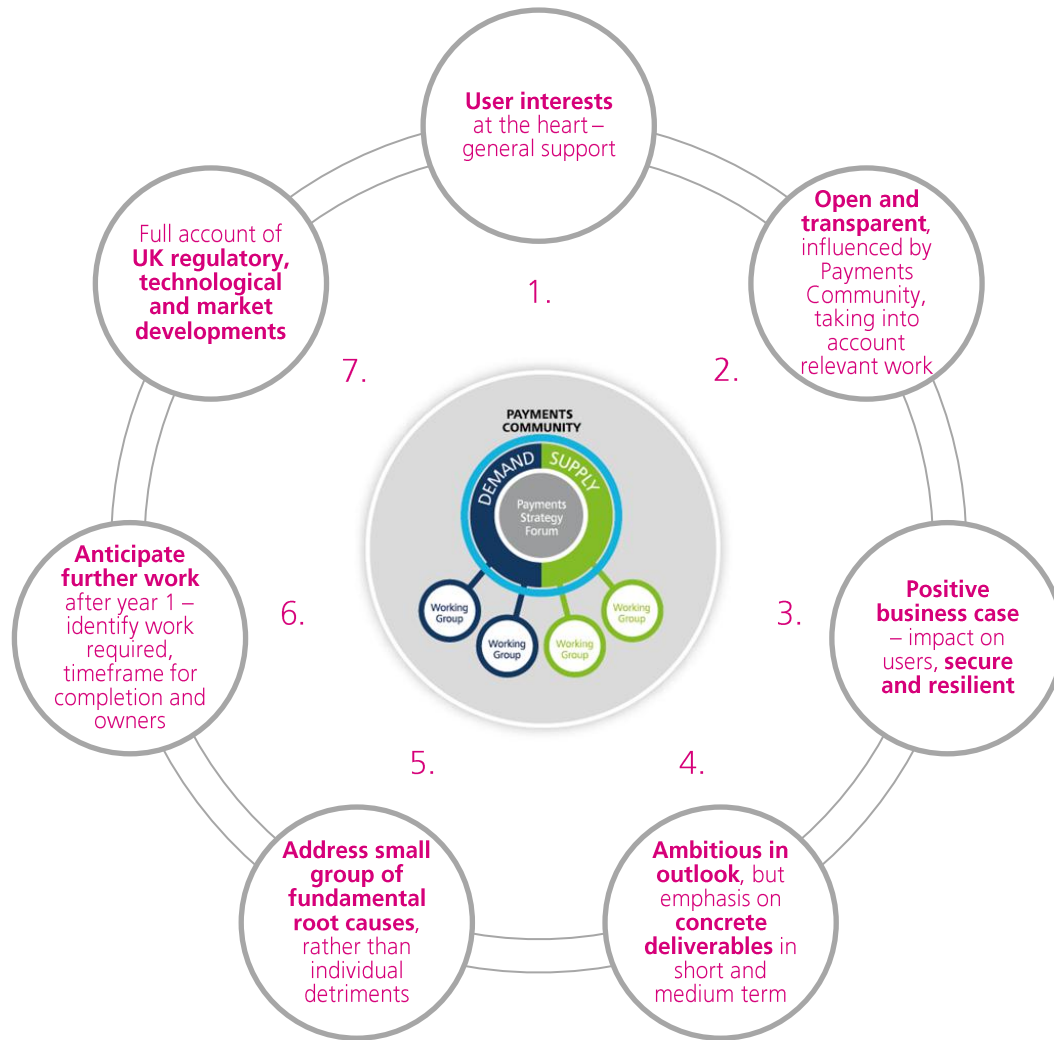
Payment Systems Operator Consultative Group (PSOCG)

The role of the PSOCG

- Input to the Forum
- Allow the PSOs to provide input into and be kept informed of the Forum's discussions
- Enable the Forum to understand and take into account the existing developments and individual strategies of the PSOs as far as these are relevant to the Forum's work programme
- Enable the Forum and the Strategy Work Programme to benefit from the PSO's payments expertise and prior collaboration experience with industry to deliver market innovation and gain wider perspectives.

- American Express
- Bacs
- Cheque and Credit Clearing Company
(Also acting on behalf of Northern Ireland Cheque Clearing)
- CHAPS
- Faster Payments
- Link
- Mastercard
- Visa

Strategy Setting Objectives and Principles



Develop strategic initiatives that are:

1. Secure and resilient
2. Versatile and responsive to user needs
3. Efficient



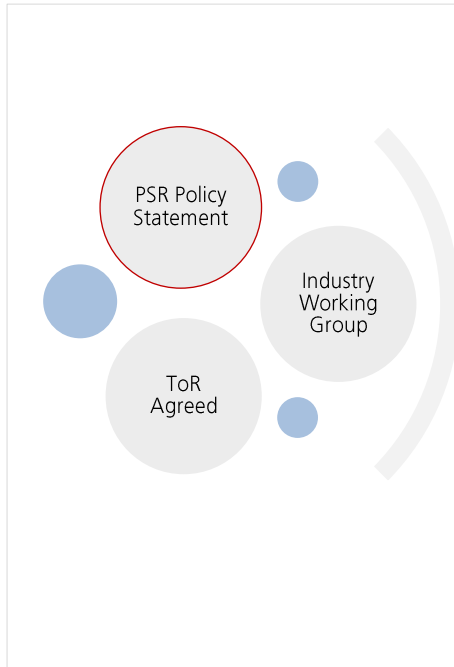
Progress to Date

David McPhee

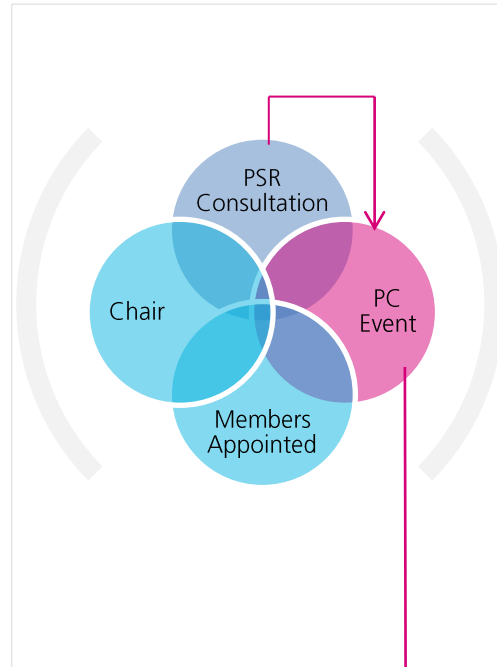
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Forum Milestones (2015)

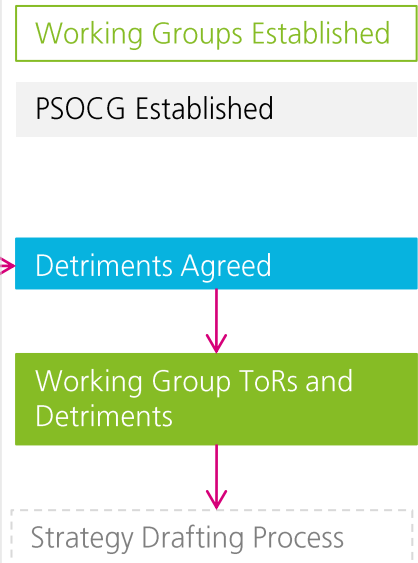
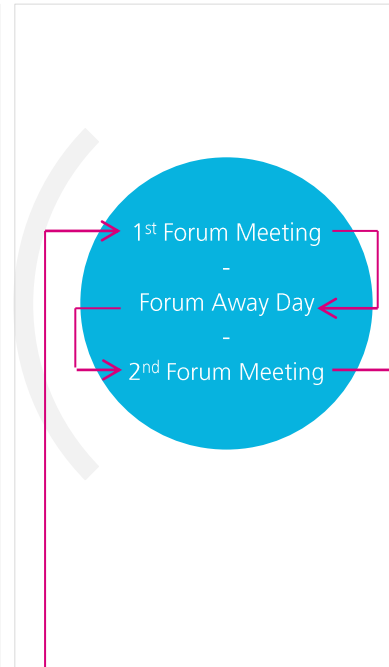
Terms of Reference
(Feb – May 2015)



Forum Implementation
Summer 2015



Forum
Oct – Dec 2015



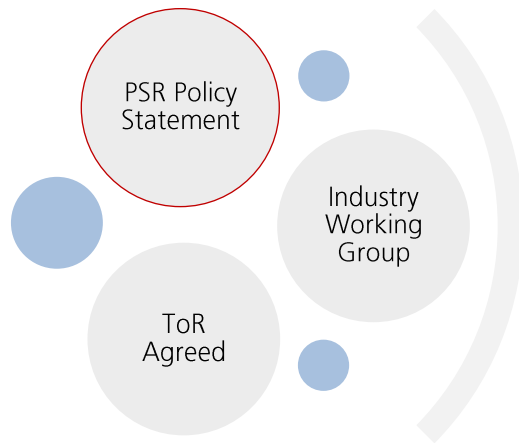
Payments Community
Priority List of Issues

PC Issues to Forum

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Milestones (February to May 2015)

Terms of Reference
(Feb – May 2015)



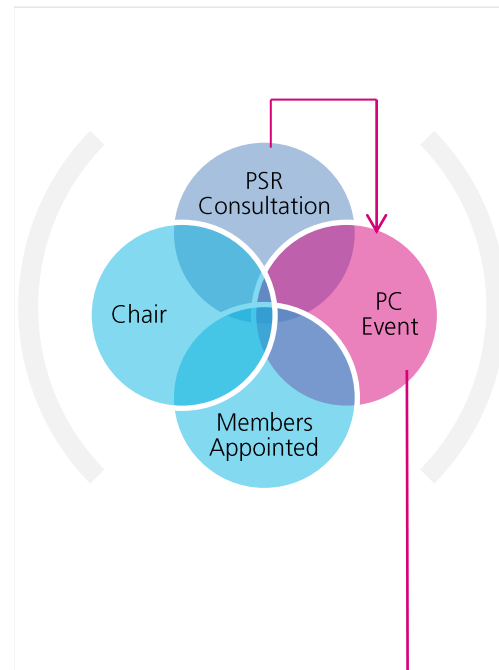
- Establishment of Forum announced in PSR March 2015 Policy Statement
- Multi-stakeholder Working Group established to develop the Forum's Terms of Reference
- Developed Terms of Reference
- Agreed process for recruitment of the Chair

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Milestones (May – September 2015)

Forum Implementation
Summer 2015

- PSR Consultation with stakeholders over summer 2015
- Inputs collated and presented to Payments Community
- Chair appointed
- Members appointed by PSR & Chair



Payments Community
Priority List of Priority Items

- Payments Community Event on 17 September 2015
- 189 Participants;
6 interactive mini working groups “hubs”
- List of priority items

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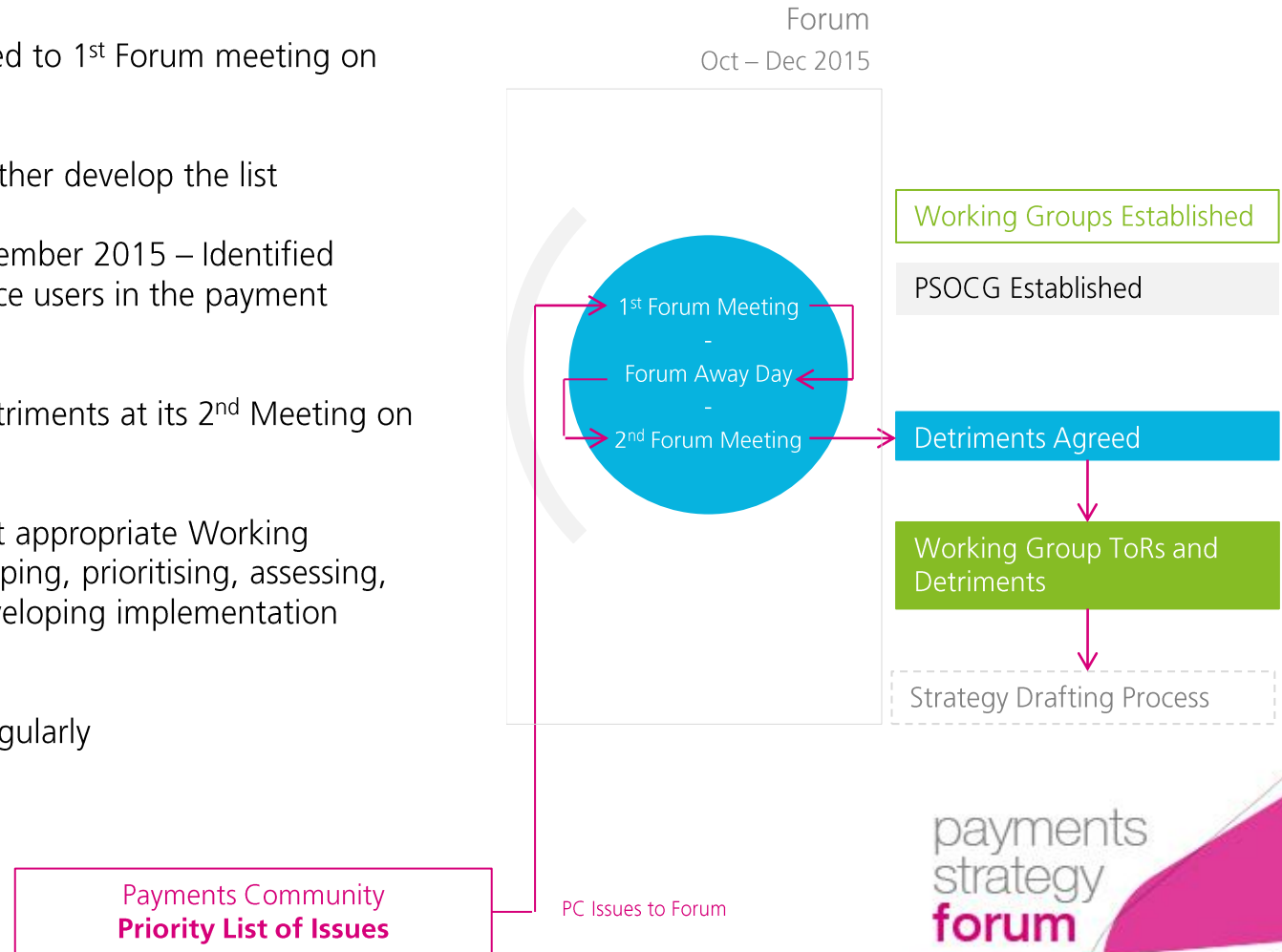
Milestones: Payments Community List of Priority Items



Rank	Theme	Topic	Item	Score
1	Access to Markets	Access to Payment Systems	New technical access solutions and/or business models	162
2	Resilience	Fraud	Assessment of centralised KYC and Fraud Services	138
3	User Needs	Control/Certainty/Choice	Solutions for misdirected payments – e.g. real time presentation or verification of payee	128
4	Access to Markets	Access to Payment Systems	Common messaging standards and rules for all payment messages – e.g. ISO20022	115
5	External Drivers	Regulatory Drivers for Innovation	Regulatory horizon scanning – e.g. PSD2; Ring-fencing	104
6	Access to Markets	Industry Governance & Ownership	Review of governance model	100
7	New Items		Education/Communication/Transparency	83
8	User Needs	Control/Certainty/Choice	Solutions that give the user greater control – e.g. request to pay pull payments	58
8	New Items		Identity Assurance	58
10	User Needs	Control/Certainty/Choice	Review of the Direct Debit Scheme – e.g. the length of the guarantee; AML checks	57
11	User Needs	Vulnerable Customers	Development of and access to payment instruments for vulnerable customers – e.g. ATMs	41
12	New Items		International Payments – e.g. interoperability; cross-border payments	38

Milestones (October – December 2015)

- List of priority items presented to 1st Forum meeting on 8th October 2015
- Forum identified need to further develop the list
- Forum Away Day on 13 November 2015 – Identified potential detriments to service users in the payment systems value chain
- Forum agreed final list of detriments at its 2nd Meeting on 15 December 2015
- Detriments allocated to most appropriate Working Groups responsible for: grouping, prioritising, assessing, identifying solutions and developing implementation plans
- Report back to the Forum regularly





What's Next

David McPhee

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2015			2016										
O	N	D	J	F	M	A	M	J	J	A	S	O	N
F1		F2		F3		F4		F5			F6		F7?
8/10		15/12		25/02		14/04		30/06			21/09		

FORUM

- Agree Detriments
- Agree Work Programme
- Establish Working Groups

ITERATIVE PROCESS OF STEERING, ESCALATION AND APPROVAL

TECHNICAL WORKING GROUPS

- End User Needs
- Financial Crime, Security & Data
- Simplified Access to Markets

- Agree Terms of References
- Agree Work Plans

By Forum 3

- 1: Define/Refine/Group Detriments
- 2: Prioritise
- 3: Identify Solutions

By Forum 4

- 1: Define Solutions
- 2: Gather Evidence

By Forum 5

- 1: Define / Finalise Solutions
- 2: Gather Evidence
- 3: Produce Implementation Plans

HORIZON SCANNING

- Agree Terms of Reference
- Agree Work Plan

Report 1 to F3

Report 2 to F4

Report 3 to F5

EVALUATION OF SOLUTIONS

Create Framework

Create Detailed Framework by F3

Evaluate Solutions Identified by Technical Working Groups by F5

Payments Community

On-going Engagement

Event July

Written Consultation

Strategy Production

Draft Strategy by Event

Draft Launch

Written Consultation by 26/8

Finalise and Publish by End October

KEY DATES

- Draft Strategy produced by and launched at Community Event
- Written Consultation from PC event to End August 2016
- Finalisation of Strategy from End August – End October 2016

Working Groups

- **End-User needs working group**

Chaired by Sian Williams, Toynbee Hall and deputy chair, Nick Davies, DWP.

To understand and address user-needs identified by the Payments Community.

- **Simplifying access to markets working group**

Chaired by Marion King, RBS and deputy chair, Becky Clements, Metro Bank.

To examine whether and how payment systems can be developed to simplify access to the markets.

- **Financial crime, Security and Data working group**

Chaired by Russell Saunders, Lloyds Banking Group and deputy chair Neil Lover, Coventry Building Society.

To examine whether and how payment systems can be used to develop centralised functions aimed at preventing financial crime.

- **Horizon scanning working group**

Chaired by Carlos Sanchez, Orwell Group and Michael Maier, Fidor Bank.

To research and present a regular horizon scanning report to the Forum.

The report will identify key regulatory and technological developments and suggest how these might be relevant to the Forum's work.

Includes consideration of ANP.





Engagement with the Payments Community

François Rogers

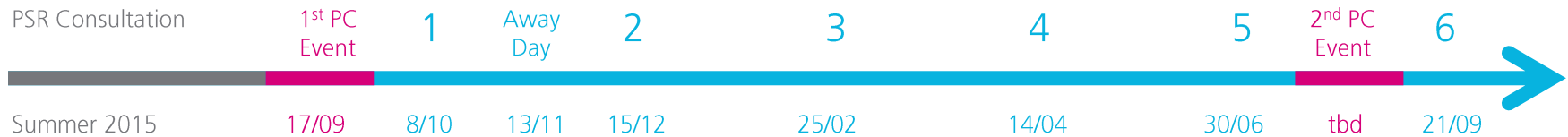
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Engagement with the Community

Unique opportunity

- PSR established the Payments Community to influence the work programme of the Forum
- Multi-stakeholder initiative, inclusive process
- Collaboration at the heart
- Maintain an on-going relationship
 - Keep Community informed
 - Meaningfully engaged
- Contribute to the Forum's success

Quick Overview – Community Engagement



12 Month Work Programme

Draft Strategy

Within

9

Months – July 2016

Strategy Delivered

Within

12

Months – October 2016

General Support from the
Payments Community

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What does the Community look like?

More than 300 members and growing

- 5 Categories:
 - **Small Users**
e.g. Consumers, Vulnerable Groups, SMEs
 - **Large Users**
e.g. Corporates, Government, Retailers
 - **PSPs**
e.g. Banks, Building Societies, Credit Unions, Agency Banks
 - **Technology & Infrastructure Providers**
e.g. Software Suppliers, Vendors, Aggregators, FinTechs
 - **Experts**
e.g. Others, Including Schemes, Consultants, etc.



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How will we do it?

Dedicated Contact

- PSR Staff

Meetings

- On-on-ones
- Umbrella Organisations

Updates

- Web Stories
- 3rd Party Newsletters

Roundtables

- Affinity Groups: Small Users | Large Users | Payment Service Providers | Technology & Infrastructure Providers | Experts

Website

- Effective 1 February 2016
- Go-to source for Forum information and communication

Strategic Outreach

- International and National Events
- Media

Roundtable Dates

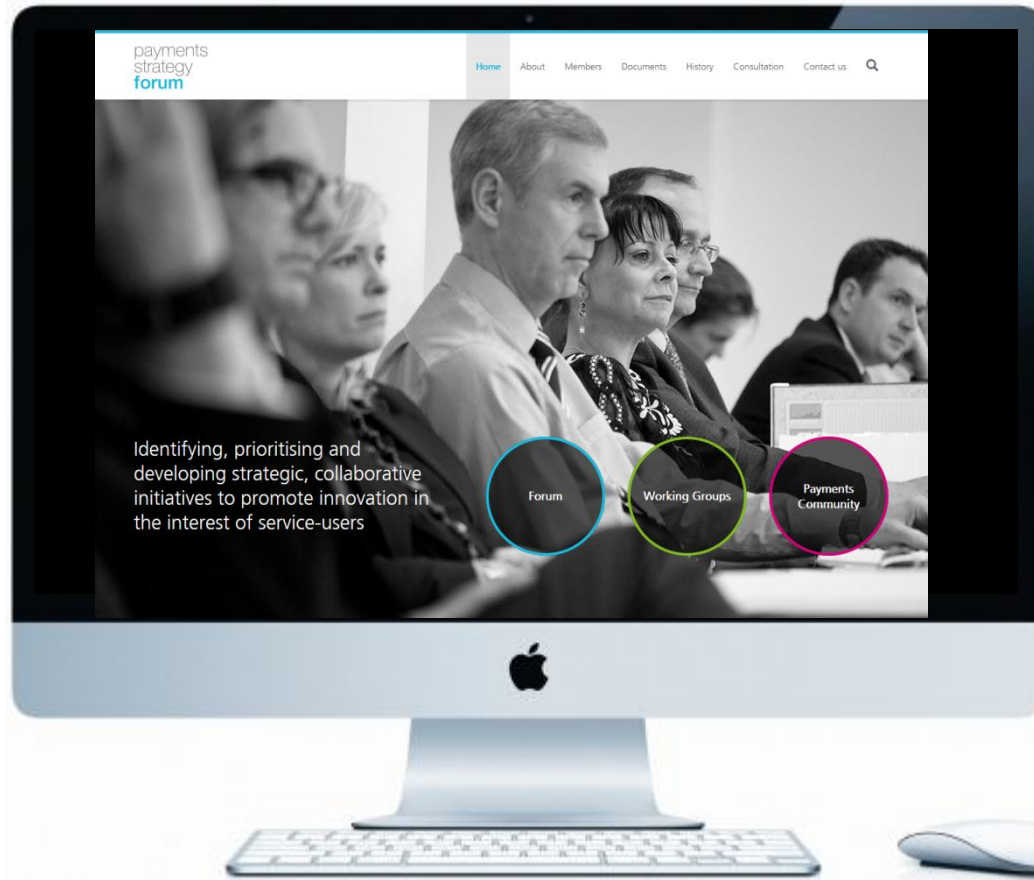
Date	Time	Group
Round 1		
25th January 2016	10.00 - 12.00	Small Users
	14.00 - 16.00	Large Users
26th January 2016	10.00 - 12.00	Tech and Infra
	14.00 - 16.00	PSPs
Round 2		
15th March 2016	10.00 - 12.00	Small Users
	14.00 - 16.00	Large Users
16th March 2016	10.00 - 12.00	Tech and Infra
	14.00 - 16.00	PSPs
Round 3		
24th May 2016	10.00 - 12.00	Small Users
	14.00 - 16.00	Large Users
25th May 2016	10.00 - 12.00	Tech and Infra
	14.00 - 16.00	PSPs

Working Together

Umbrella organisations:

- British Bankers Association; Payments UK; The Confederation of British Industry; the British Retail Consortium; Vendorcom; Innovate Finance; The Emerging Payment Association; The Federation of Small Business; etc.
- Communications to membership
- Presentations to key internal groups with an interest in the work of the Forum
- Presentations at conferences and events
- Chair outreach to key stakeholders

www.paymentsforum.uk



1. Rolling Record of the Forum

- Updates, News Stories, Announcements, etc.

2. Document Repository

- Forum, Working Groups, Payments Community

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Get in Touch

Contribute to the work of the Forum

If you can commit the time and effort required to contribute to the working group's progress, we would want to hear from you.

Forum@psr.org.uk

Thank You!

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