Consultation Questionnaire

This template is intended to help stakeholders respond to the questions set out in our consultation document and in its supporting papers.

Responses should be emailed to us at Forum@psr.org.uk in PDF format by no later than **22 September 2017**. Any questions about our consultation can also be sent to Forum@psr.org.uk

Whilst we welcome feedback from any participant on any question, not all questions in this consultation will be relevant to the wide range of stakeholders in the Payments Community. We have sign posted the questions to clarify which are most relevant for your organisations, and where we would most value your feedback.

Thank you in advance for your contribution to this consultation process.

Basic Details

Consultation title	Blueprint for the Future of UK Payments
Name of respondent	Mark Curran
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Representing (self or organisation/s)	Clydesdale Bank PLC
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Responding to the consultation and publication of responses

Subject to express requests for confidentiality, please note that we will publish views or submissions in full or in part. In responding, we therefore ask you to minimise elements of your submissions which you want to be treated as confidential. Where you do submit both confidential and non-confidential material, you should submit a non-confidential version, which you consent for us to publish, marked 'for publication' and another version marked 'confidential'.

In responding to this consultation, you are sharing your response with the Forum secretariat (1). Confidential information provided in these circumstances is confidential within the meaning of FSBRA and it is a criminal offence to disclose it without requisite authority (2).

Notes:

(1) The Forum secretariat work for the Payment Systems Regulator Limited, 'the PSR', and are considered primary recipients for the purposes of the Financial Services (Banking Reform) Act 2013 (FSBRA).

(2) The PSR has the power to disclose confidential information in certain circumstances for the purposes of facilitating its functions and may impose conditions on the use of that information.

Declaration

'I confirm that our response supplied with this cover sheet is a formal consultation response that the Forum can publish, unless it is clearly marked 'confidential'.

Mark Curran

1.0 A New Payments Architecture

Question 1.1

Consumers PSPs Corporates Govt. Vendors

Do you agree with our recommendation to move towards a 'push' payment mechanism for all payment types?

Yes ◉ No ○

If not, please explain why.

Clydesdale are generally supportive of the recommendations but would expect more clarity on the detailed solutions, benefits and costs. Given that the existing infrastructure is still fit for purpose we would expect to see a full business case to support this size of change. Additionally it should be a prerequisite that any solution allows continued use of current payment methods, such

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Question 1.2

PSPs Vendors

In the proposed transition approach it is expected that Third Party Service Providers including current independent software providers, bureaux and gateway providers will update their systems to enable existing payment formats to continue to operate with no or limited negative impact on the current users of services such as Direct Debit.

As a PSP or TPSP, do you agree we have identified the implications of adopting a push model adequately?

Yes ◉ No ○

If not, please set out any additional impacts that need to be considered.

Question 1.3

Consumers PSPs Corporates Govt. Vendors SMEs

As a potential vendor, participant or user of the NPA, are there any other design considerations that should be included in the NPA, especially with regards to considering the needs of end-users?

Yes ○ No ◉

If yes, please provide a description of those areas and why they are important to explore.

Question 1.4 PSPs Vendors

The nature of the layering approach enables new components to be added or updated with minimal impact on components in other layers. We believe this will support greater levels of competition and innovation especially in the upper layers of the NPA.

In your view, as a vendor or service provider, will layering the NPA in this way simplify access and improve your ability to compete in the UK payments market?

Yes ○ No ◉

If not, please explain why.

The layering approach has the potential to simplify the maintenance of and implementation of future change to our technology required to integrate with the NPA. The need to support the features provided by the NPA (e.g. end-user overlay services) could, however, potentially require PSPs to invest in additional technology components. These additional components would also

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Question 1.5 PSPs Vendors

With the recommended centralised clearing and settlement option, as a participant or vendor who is accessing or delivering the clearing and settlement service, do you think:

a. We have reached the right conclusion in recommending this option?

Yes ◉ No ○

If not, please explain why.

b. The right balance of managing risk versus competition has been achieved?

Yes ◉ No ○

If not, please explain why.

Question 1.6 PSPs Vendors

Do you agree with our analysis of each of the clearing and settlement deployment approaches?

Yes ◉ No ○

Which is your preferred deployment approach?

The Single Vendor Deployment Approach presents fewer technical challenges and allows for more efficient liquidity usage.

Question 1.7 PSPs Vendors

As a vendor of services in any layer of the NPA, do you think that more work is required to prove any of the main concepts of NPA before embarking on the procurement process?

Yes (●) No ( )

If so, please explain which areas and why.

Given the financial and resource investment required in creating the NPA, the NPSO should be allowed time to critically review the proposals with specific attention to the cost and resource implications for impacted businesses including Direct Debit originators

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2.0 Collaborative Requirements and Rules for the three End-User Solutions

Question 2.1 Corporates Govt. SMEs

As a payee,

a. Does your organisation serve customers who experience challenges paying regular bills?

Yes (●) No ( )

b. Does your organisation experience unpaid direct debits?

Yes (●) No ( )

Please comment on the extent to which you experience this and any trends you see in this area.

Question 2.2 Corporates Govt. SMEs

Request to Pay provides visibility to payees on the intentions of a payer. Would the increased visibility benefit your business?

Yes ( ) No (●)

If so, how?

Question 2.3 Corporates Govt. SMEs

Request to Pay will result in increased communication between the payee and the payer. As a payee:

a. Would the increased communication present a challenge?

Yes (●) No ( )

If so, in what way?

Additional resource may be required dependent on the level of take up.

b. What benefits could you envisage from this increased communication?

c. Do you see any additional potential benefits resulting from Request to Pay other than those described?

Yes ( ) No (●)

If so, which ones?

Question 2.4 Corporates Govt. SMEs

We have recommended the minimum information that should be contained in a Request to Pay message. As a payee:

a. With the exception of reference ID, are you able to provide other items of information with every payment request?

Yes ( ) No ( )

b. Is there additional information, specific to your business, that you would have to provide to payers as part of the Request to Pay message?

Yes ( ) No ( )

Question 2.5 Corporates Govt. SMEs

We envisage payees stipulating a payment period during which the payer will be required to make the payment. As a payee, how do you think this payment period might be applied within your organisation?

Question 2.6 Corporates Govt. SMEs

Request to Pay will offer payers flexibility over payment time as well as amount and method. As a payee:

a. Does your business model support offering payment plans and the ability for payers to spread their payments?

Yes ◯ No ◯

If so, please provide more details as to how these plans are offered, their conditions and to which customers.

b. Do you have a predominant payment method used by your payers?

Yes ◯ No ◯

If so, what percentage of customers use it?

c. Do you offer your payers a choice of payment methods?

Yes ◯ No ◯

If yes, what determines how much choice you offer? If not, what are the barriers preventing you from doing this?

d. Are there any incentives to use one payment method over another?

Yes ◯ No ◯

If so, what is the rationale?

Question 2.7

Corporates Govt. SMEs

A minority of payers may not be able to pay within the payment period. Through Request to Pay they will be able to request an extension to the payment period. As a payee:

a. Do you currently offer your payers the capability to extend a payment period, request a payment holiday or make late payments?

Yes ◯ No ◯

b. What are the conditions and eligibility criteria under which this is offered?

c. If you currently don't, what are the barriers preventing you from offering this capability?

Question 2.8

Corporates Govt. SMEs

Request to Pay will offer payers the option to decline a request. The purpose of this option is to provide an immediate alert in case the request was received as an error or will be paid by other means. As a payee:

a. Would you find this information useful?

Yes ◯ No ◯

b. Do you have any concerns about providing this capability?

Yes ◯ No ◯

Question 2.9

Consumers Corporates SMEs

Does the Request to Pay service as described address:

a. The detriments identified in our Strategy?

Yes ◯ No ◯

b. The challenges experienced by your customers? Does it introduce any new challenges?

Yes ◯ No ◯

Does it introduce any new challenges?

Question 2.10

Corporates Govt. SMEs

As a payee, considering the information provided in this document,

a. What is the extent of change you think you will need to carry out internally to offer Request to Pay?

b. What challenges do you see that might prevent your organisation adopting Request to Pay?

c. What is the timeframe you think you will need to be able to offer Request to Pay?

Question 2.11

Corporates Govt. SMEs

What are the features or rules that could be built into Request to Pay that would make it more valuable to your organisation, or more likely for you to adopt it?

Question 2.12

Consumers PSPs Corporates Govt. Vendors SMEs

We have highlighted several risks and considerations relevant to the delivery of Request to Pay. As an end-user of Request to Pay:

a. Are there any risks that we have not addressed or highlighted that would like to add?

Yes (●) No ( )

There is a risk that the take up is lower than expected either by payees or by end-users and therefore the benefits of the service fail to outweigh the costs of implementation. It would therefore be useful to see the detailed business case and research that has highlighted this as a solution to an End User Need

b. Are there additional unintended consequences that we should consider?

Yes ( ) No (●)

Question 2.13

Consumers PSPs Corporates Govt. Vendors SMEs

We recognise that additional work needs to be done in identifying potential safeguards including liability considerations associated with Request to Pay. As an end-user of Request to Pay:

a. What are some of the potential liability concerns that you may have?

There is a risk of the correspondence mechanism being hacked or intercepted by a fraudster either between the payee and the end user or between the end user and their PSP. In either instance, who would be liable for any payments subsequently sent to an unintended beneficiary?

b. Would you be interested in working with the Forum to define, at a high level, the liability considerations for Request to Pay?

Yes ( ) No (●)

If so, please contact us as soon as convenient through the Forum website so we can get you involved.

Question 2.14 PSPs

As a PSP:

Do you currently offer real-time balance information to your clients?

Yes (●) No ( )

What information do you offer them? If not, what are the constraints?

Clydesdale provides its customers with real time balance and available funds information, taking into account uncleared funds and any agreed overdraft facility. Other PSPs may also offer real time balance information although there is no clear standard as to what should be included, specifically there are issues with regard to some card transactions not processed in real-time

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Question 2.15 Consumers PSPs Corporates SMEs

We have presented two CoP response approaches (Approach 1 and Approach 2).

a. As a payer, what would be your preferred approach? Why?

b. As a PSP, what would be your preferred approach? Why?

There are positives and negatives to each approach. The Yes / No confirmation avoids the unnecessary sharing of data with an end user, however, would probably require more work to create a service capable of capturing the end-user input and then providing a definitive response. On the other hand a customer simply supplying a sort code and account number and receiving

c. As a regulator,

I. What are applicable considerations that must be made for each approach?

II. What safeguards must be put in place for each approach?

There must be safeguards to prevent trawling of the database by an end user or other party in order to capture customer data for any purpose other than the intended one. Consideration must be given to liability in the case of misuse or abuse of the solution.

Question 2.16 PSPs

As a PSP:

a. Would you be able to offer CoP as described to your customers?

Yes ◉ No ○

b. What is the extent of change that you would need to carry out internally to offer CoP?

A significant level of change would be required internally in order to deliver CoP. This would include changes to customer channels such as mobile and personal and business internet banking, integration out to other banks customer data (via central repository perhaps) and potentially integration via APIs. To enable CoP for other banks' customers, we would potentially need to

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Question 2.17 PSPs

The successful delivery of CoP is largely dependent on universal acceptance by all PSPs to provide payee information. As a PSP:

a. Would you participate in a CoP service?

Yes ◉ No ○

Clydesdale would not rule out participating at this point but would need to see further detailed plans and business case for the solution.

b. Are there any constraints that would hinder you providing this service?

Yes ◉ No ○

Dependent on the solution this will require significant change within our infrastructure. We would also need to determine end users position with regard to potentially having their data stored on this repository, would it be assumed, optional or other?

Question 2.18 PSPs

The NPA will fully support the functionality for PSPs to provide payment status and tracking.

a. As a PSP, what is the extent of change you think you will need to carry out internally to offer Payments Status Tracking?

To implement payment tracking would require considerable change and investment. This would include changes to systems that store, process and transmit data for various payment types. To allow our customers to use payment tracking we would need to create functionality within our existing customer channels or consider creating additional customer access to allow tracking

b. What challenges do you see that might prevent your organisation adopting Payments Status Tracking?

The substantial change elsewhere may dictate that if this program is not mandated then it will not be implemented as a priority.

Question 2.19

Consumers PSPs Corporates Govt. SMEs

We have highlighted several considerations relevant to the delivery of Assurance Data. As an end-user of Assurance Data:

a. Are there any risks that we have not addressed or highlighted that you would like to add?

Yes ◯ No ◉

b. Are there any unintended consequences that we should consider?

Yes ◯ No ◉

Question 2.20

Consumers PSPs Corporates Govt. SMEs

As a payer:

a. How would you use Enhanced Data?

Clydesdale do not have a specific requirement for Enhanced Data at this time.

b. What Enhanced Data would you add to payments?

Question 2.21

Corporates Govt. SMEs

As a payee:

a. How would you use Enhanced Data?

b. What Enhanced Data would you add to payments?

Question 2.22

Consumers PSPs Corporates Govt.

Does the Enhanced Data capability as described address the detriments identified in our Strategy?

Yes ○ No ◉

More evidence is needed in order to substantiate that there is a requirement for Enhanced Data capability.

Question 2.23

Consumers PSPs Corporates Govt.

Some changes will be required to enable the loading and retrieval of Enhanced Data. For example, corporates will need to modify their internal systems. As an end-user, what internal change will be needed to allow you to add and receive Enhanced Data through the NPA?

A considerable level of change to Clydesdale's technology would be required to add and receive Enhanced Data through the NPA. For example:

Question 2.24

Consumers PSPs Corporates Govt. SMEs

We have highlighted several considerations relevant to the delivery of Enhanced Data. As an end-user of Enhanced Data:

a. Are there any risks that we have not addressed or highlighted that you would like to add?

Yes ○ No ◉

There is a risk that there will not be sufficient take up of this service to justify the cost of building and implementing.

b. Are there any unintended consequences that we should consider?

Yes ○ No ◉

Question 2.25 Consumers PSPs Corporates Govt. SMEs

We recognise that additional work needs to be done in identifying safeguards including liability considerations associated with Enhanced Data. As an end-user of Enhanced Data:

a. What are some of the liability concerns that you may have?

b. Would you be interested in working with the Forum to define, at a high-level, the various liability considerations required for Enhanced Data?

Yes ○ No ◉

If so, please contact us as soon as convenient through the Forum website so we can get you involved.

3.0 Implementation Plan

Question 3.1 Consumers PSPs Corporates Govt. Vendors SMEs

Are there any additional principles you think we should add or significant amendments that should be made to those already stated?

Yes ○ No ◉

Question 3.2 Consumers PSPs Corporates Govt. Vendors SMEs

Are there any additional assumptions you think we should add or significant amendments that should be made to those already stated?

Yes ○ No ◉

Question 3.3

PSPs Corporates Govt. Vendors SMEs

Do you agree with the sequence of events laid out in the implementation plan?

Yes (●) No ( )

If not, what approach to sequencing would you suggest?

From a technology change perspective the sequencing appears to make sense. The timing of implementation is challenging and will have to be considered further, alongside the substantial business as usual change, once the full specification of the NPA is defined

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Question 3.4

PSPs Corporates Govt. Vendors SMEs

Do you agree with the high-level timetable laid out in the implementation plan?

Yes ( ) No (●)

If not, what timing would you suggest?

The NPA will require a considerable amount of technology and business change within PSPs over a relatively short period of time, e.g. change required as part of implementing the NPA and overlay services, and subsequent transitioning of Bacs, Faster Payments and Cheque payments capabilities to the NPA and services such as Direct Debit, CoP and Enhanced Data. In

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Question 3.5

PSPs Corporates Govt. Vendors SMEs

Are there any significant potential risks that you think the implementation plan does not consider?

Yes ( ) No (●)

If the answer is yes, then please provide input about what they are and how we can best address them.

Question 3.6

PSPs Corporates Govt. Vendors SMEs

Do you agree with our proposed transition approach?

Yes (●) No ( )

If not, please provide your reasoning.

4.0 Cost Benefit Analysis of the NPA

Question 4.1

PSPs Corporates Govt. Vendors SMEs Investors

Are there any material quantifiable benefits that have not been included?

Yes ○ No ◉

If so, please provide details.

Question 4.2

PSPs Corporates Govt. Vendors SMEs Investors

Do you agree with the cost assumptions with regards to the NPA and each of the overlay services (Request to Pay, Enhanced Data, Assurance Data)?

Yes ○ No ◉

If not, please state your reasons and, if possible, suggest alternatives analysis.

The estimates for PSPs and NPA Clearing and Settlement both appear to be low. PSPs will need to build or procure ISO20022 gateway services but with the adoption of this message format will also need to make substantial change to their internal payments infrastructure and potentially customer channels too. This will likely be a very substantial cost for each PSP

Question 4.3

PSPs Corporates Govt. Vendors SMEs Investors

Do you agree with our description of the alternative minimum upgrade?

Yes ◉ No ○

If not, please explain your reasoning.

5.0 NPA Commercial Approach and Economic Models

Question 5.1 PSPs Vendors

Does our competition framework adequately capture the types of competition that may exist in payments?

Yes (●) No ( )

Please explain.

Question 5.2 PSPs Vendors

Do you agree with the NPA competition categories described? If not, please explain why.

Yes (●) No ( )

Question 5.3 Vendors

Does our framework capture the dynamic roles the NPSO may play in the market?

Yes ( ) No ( )

Question 5.4 PSPs Vendors Investors

Are there any other important criteria that we should use to assess the funding options we have identified?

Yes ( ) No (●)

Question 5.5 Investors

Do you agree with our NPA competition assessment? If not, please explain why.

Yes ◯ No ◯

Question 5.6 PSPs Vendors Investors

Do you agree with our assessment of End-User Needs Solutions? If not, please explain why.

Yes ◉ No ◯

Question 5.7 PSPs Vendors Investors

Do you agree with our list of funding stakeholders? If not, please explain why.

Yes ◉ No ◯

Question 5.8 PSPs Corporates Vendors

Are there other significant sources of funding or types of funding instruments the NSPO could secure that have not been described? If not please explain why.

Yes ◯ No ◉

6.0 Improving Trust in Payments

Question 6.1 PSPs Corporates Vendors

Do you agree with the outlined participant categories identified for the Payments Transaction Data Sharing and Data Analytics strategic solution?

Yes (●) No ( )

Are there other categories that should be considered for inclusion?

Yes ( ) No (●)

Please explain your response.

Question 6.2 PSPs Corporates Vendors

What is your opinion on the role non-payments industry participants should have as part of the Payments Transaction Data Sharing and Data Analytics strategic solution? (This could include Government, Law Enforcement, or others). If appropriate, please outline usage of the system, provision of data to the system, and legal considerations for participation.

In general it would be advantageous for non-payments industry experts to have access and an improved understanding of the new payments architecture and access to shared data. This would promote greater understanding of how the system is intended to work and may improve or contribute to strategies to mitigate financial crime by aligning governmental and legislative change

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Question 6.3 PSPs Corporates Vendors

Do you agree with the potential use cases outlined for the Payments Transaction Data Sharing and Data Analytics strategic solution?

Yes (●) No ( )

If not, please provide your reasoning. Please indicate if there are other potential uses for the system that should be considered.

Clydesdale do not disagree with the list of use cases, however, there is currently insufficient information or evidence to support each of the individual use cases listed.

Question 6.4 PSPs Corporates Vendors

Do you agree with key principles we have outlined for the implementation of the Payments Transaction Data Sharing and Data Analytics strategic solution?

The principles indicate that accreditation will be required for entities that wish to contribute and use the solution but who will carry out this accreditation? These principles can also be reviewed under clear and independent governance, again who would carry out this independent role?

Question 6.5 PSPs Corporates SMEs Vendors

Other than those already listed, what stakeholders should be consulted and engaged during the design and implementation of the Payments Transaction Data Sharing and Data Analytics Strategic Solution?

Question 6.6 PSPs Corporates Vendors

Do you agree with the high-level timeline for the Payments Transaction Data Sharing and Data Analytics strategic solution?

Yes ◉ No ○

If not, what timing would you suggest and why?

Question 6.7 PSPs Corporates SMEs Vendors

Do you agree with the establishment of the recommended framework for the sharing and exchanging of a core set of SME customer data overseen by a governance body?

Yes ◉ No ○

If not, please explain your reasoning.

Question 6.8 PSPs Corporates

We are keen to get your input on the benefits provided by the framework.

a. Do you agree that the focus on sharing a core set of SME customer data is beneficial for the KYC processes in your organisation?

Yes ◉ No ○

If not, please explain your reasoning.

b. Which other business activities could be supported by / benefit from the described sharing and exchanging a core set of SME customer data?

Question 6.9 PSPs Corporates SMEs Vendors

Do you agree that the topics covered by the standards will provide sufficient guidance in order to implement the data sharing framework without being too prescriptive?

Yes ◉ No ○

Are there additional topics you believe should be included?

Question 6.10 PSPs Corporates SMEs Vendors

To engender trust in the sharing and exchanging of a core set of SME customer data, are there other responsibilities you would expect the governance body to have oversight over?

The governance body should provide published confirmation that entrants to the market have provided adequate due diligence and are "accepted" participants within the scheme. This confirmation should be maintained and renewed periodically.

Question 6.11 PSPs Corporates SMEs Vendors

In your view, do any existing bodies (industry or other), already perform this oversight role?

Yes ◯ No ◉

If not, is there an existing body you believe should perform this role, or would you expect a new body to be established?

Question 6.12 PSPs Vendors

Do you think a temporary testing environment as described is the right approach? If not, please explain your reasoning.

Yes ◯ No ◯

Question 6.13 PSPs Vendors

Are there any other key features you would expect in the temporary testing environment?

Yes ◯ No ◯

Question 6.14 Vendors

Do you agree that value-added service providers would benefit from the data sharing environment enabled by the framework?

Yes ◉ No ◯

Question 6.15 PSPs Corporates

Are the arguments put forward compelling enough to encourage net data providers to engage?

Yes ◯ No ◯

If not, please provide examples of what else would be required to make them participate.

Question 6.16 PSPs Corporates

Do you see other advantages or challenges for net data consumers that were not listed above?

Yes ◯ No ◯

Please explain your answer.

Question 6.17 PSPs Corporates SMEs Vendors

Do you agree with the high-level implementation timeline for the Trusted KYC Data Sharing solution?

Yes ◉ No ◯

If not, what timing would you suggest and why?

We support the implementation timelines in principle although these will be extremely challenging particularly as these run in parallel with many of the other recommended initiatives.

Question 6.18 PSPs Corporates SMEs Vendors

Are there other initiatives with a similar focus that should be considered in order to deliver the Trusted KYC Data Sharing solution?

Save Questionnaire*

* Please save your questionnaire and email to us at Forum@psr.org.uk in PDF format by no later than **22 September 2017**.