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
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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'.

Patrick Whittome

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.

We agree in principle, but we want more detail and reassurance before we can agree this, for example around any changes to Direct Debit initiation and rejection processes. HMRC is a very large operator of payments by highly automated Direct Debit processes. Each year we receive c19.5m Direct Debits with a value of c £75 billion and we could not agree to any change which

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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.

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?

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.

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.

We offer our customers the opportunity to set up a plan to pay in instalments. Direct Debit failures represent a very small percentage of total volumes. As an example HMRC experienced c600 Direct Debit fails in June 2017 against a total monthly volume of c1.9m. There are no obvious trends

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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?

Possibly, with the crucial proviso that it doesn't impede automation (see response to 1.1). There are potential benefits if Request to Pay helps nudge customers away from our non-strategic payments methods towards Faster Payments and Direct Debit. Request to Pay via Faster Payments could also improve reconciliation rates by incorporating the correct reference data

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?

Increased customer contact could very significantly impact on our customer facing operational resource and present a challenge around correct routing of the communication to the appropriate business area. Also potential dilution of/conflict with HMRC aim to encourage use of digital tax account

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

Potential reduction in Direct Debit failure and early awareness of customers who require help with paying liabilities would need to be measured against set up and ongoing handling costs.

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 ○

Subject to the design of the product, we are also able to provide the total amount of customer liability and HMRC reference (if different from reference ID). Also warnings of late payment interest and penalties. Nudge messages around preferred payment methods

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 ○

Date of payment

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?

We envisage this could create significant difficulties. Customers seeking to make payment beyond the due date will be legally liable for interest and in some regimes Late Payment Penalties. That is why our initial reaction is that we would need to have the ability to switch off the option to stipulate a payment period later than the due date. Where payment deferral is allowed we would

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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.

HMRC offers instalment arrangements if the customer genuinely can't pay in full at the due date but will be able to pay in the future. We have on average 720k instalment arrangements in place. at any given time. This is arranged by contacting HMRC. We primarily set up a direct debit to make payments on dates agreed with the customer. These payments need to be kept up to

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

Yes (●) No ( )

If so, what percentage of customers use it?

The majority (65%) of all payments are made by Direct Debit (30%) or Faster Payments (35%). The vast majority of instalment arrangements are handled by Direct Debit.

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?

HMRC's Payment Strategy is to encourage electronic methods such as Direct Debit, debit and corporate credit card, BACS/FPS and CHAPS which are secure, easy to use and reduce the likelihood of errors in payment referencing. Customers can still post a cheque for some regimes or take a cheque into a bank branch but we are looking to encourage electronic payment wherever

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

Yes (●) No ( )

If so, what is the rationale?

Historically some regimes have given extended deadlines for customers paying by electronic methods, however this is no longer seen as a valid strategy. Some regimes also currently allow only electronic payment methods.
Direct Debit is HMRC's preferred payment method due to the lack of maintenance required following initial set up, assurance

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 ○

See answer 2.6a

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

See answer 2.6a

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 ○

Yes, we do not want to encourage customers to routinely refuse or defer payment. Whilst alerts to mistakes or fraud are welcome these represent a very small proportion of our total payments and we would need to consider how to ensure these messages are handled and routed to ensure effective and timely response

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?

We consider that considerable work may be needed to integrate Request to Pay into HMRC's IT payments architecture. We also need to explore how it would link to the customer's digital tax account.

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

Cost and complexity of integration with existing/emerging IT architecture. Prospect of increased low value customer contact due to lack of clarity around timing and ownership of different stages of the payment process. Concern about ongoing deferral of debt

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

Impossible to estimate without a more detailed understanding of the solution.

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?

Seamless and straightforward integration into our existing IT architecture and infrastructure (i.e. plug and play approach). Ability to switch off and/or configure messaging and payment deferral functions according to type, value and age of liability. Every transaction includes a validated HMRC customer payment reference

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 ◉

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

Yes ◉ No ○

Yes. Increase in customer contact and the resources needed to manage the change particularly around year end and peak periods. As explained earlier this could be a showstopper for us. IT System capacity to handle these peaks. Customer disengagement due to regular requests/messages. Possible lack of take up if offered as a voluntary measure. Customer

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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?

Any fraudulent activity or security lapse that could put HMRC's reputation at risk.

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.

Discussions already underway

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?

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?

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?

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?

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 ◯

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

Yes ◯ No ◯

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?

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

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 ◉

Misdirected payments are not a major problem in the cases we have. Generally payments intended for HMRC get to HMRC, our issues are around identifying the customer and the particular regime/liability they are trying to pay.

Question 2.20

Consumers PSPs Corporates Govt. SMEs

As a payer:

a. How would you use Enhanced Data?

We do not currently envisage significant HMRC benefits from Enhanced Data as a payer. There may be very limited potential to utilise this function however we need to explore how this would fit with our associated business processes. Linking payments to other data types would require substantial reworking of existing IT and business processes and the benefit of doing this is not

b. What Enhanced Data would you add to payments?

HMRC reference number and possibly simple guidance and signposting messages. Unable to specify further without exploring this capability in greater depth.

Question 2.21

Corporates Govt. SMEs

As a payee:

a. How would you use Enhanced Data?

As a payer, the reconfirming payee element of assurance data may offer an opportunity to identify and address potential fraud across Tax Credit, Child Benefit and other regimes. But we would need more information to confirm the potential usage of enhanced data

b. What Enhanced Data would you add to payments?

HMRC reference number. Unable to specify further without exploring this capability in greater depth.

Question 2.22

Consumers PSPs Corporates Govt.

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

Yes (●) No ( )

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?

As 2.20a

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 (●)

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

Yes (●) No ( )

Handling of particularly secure or sensitive customers (e.g. armed forces, politicians, celebrities etc.)

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?

Any fraudulent activity or security lapse that could put HMRC's reputation at risk.

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?

Agree in principle but too early to provide definitive view.

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?

Agree in principle but too early to provide definitive view.

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.

No, but too early to provide definitive view.

Question 3.6

PSPs Corporates Govt. Vendors SMEs

Do you agree with our proposed transition approach?

Yes (●) No ( )

If not, please provide your reasoning.

Agree in principle but too early to provide definitive view.

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.

This is more appropriate for payment industry contributors to comment on

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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.

Agree in principle, but this is more appropriate for payment industry contributors to comment on.

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.

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.

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?

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?

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?

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**.