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Payments Strategy Forum Event

11 December 2017

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Blueprint of the Future of UK Payments

Timing: 12.30pm – 3.30pm, 11th December 2017

Venue: etc. venues County Hall. Riverside Building, Belvedere Road,
             London SE1 7PB

12.30pm: Buffet lunch and registration

3.30pm: Close

Part 1: 1.30pm to 2.10pm | Views of the Regulators and UK Government

1.30pm: **Ruth Evans**, Chair | Payments Strategy Forum

1.40pm: **Hannah Nixon**, Managing Director | Payment Systems Regulator

1.50pm: **David Bailey**, Director of Financial Market Infrastructure |
             Bank of England

2.00pm: **Gwyneth Nurse**, Director of Financial Services | HMT

Part 2: 2.15pm to 3.30pm | The Blueprint

2.15pm: **The end user:** Sian Williams | End User Needs Working Group

             The New Payments Architecture: Otto Benz | NPA Design Hub

             Improving Trust in Payments: Neil Lover | Financial Crime Working
             Group

2.40pm: **The role of UK Finance:** Stephen Jones, CEO

             The role of the NPSO: Paul Horlock, CEO

3.00pm: Questions and Answers

3.30pm: Close

Dear Payments Community,

The Forum represents the first time those who have an interest in payments in the UK have worked together to plan for a future that meets the needs of all users. Since our first meeting in October 2015 we have placed the voice of the user at the heart of our deliberations. Consumers and businesses continue to tell us they need greater control, more confidence when making a payment by increasing the capability to reduce the impacts of financial crime and the ability to send and receive more information.

Building on the concepts outlined in our Strategy, the Blueprint defines a new architecture for payments in the UK to meet these and future needs, one based on a layered approach. The architecture will be underpinned by a single set of standards and rules, strong central governance and common international messaging standards. Stability and resilience are key design principles.

Our recent consultation has demonstrated your support for this direction of travel and identified areas that require further detailed technical analysis in the next phase of work.

This is an historic opportunity to deliver a world class payment system. Implementation of the Blueprint will create simpler access, more competition, greater innovation, increased adaptability and reduced financial crime. As Forum members we fully support this, the robustness of our process and the content of our Blueprint.

We are proud of this achievement and its potential to foster significant new competition and innovation in the UK economy. It is now over to New Payment System Operator and UK Finance to maintain this level of engagement with users and to deliver, in a timely manner, this Blueprint to meet their current and future needs. We wish them success in translating our vision into reality.

Yours faithfully,

Signed:

Ruth Evans – Chair, Payments Strategy Forum

Becky Clements – Head of Industry Engagement and Payment Change, Metro Bank

Brendan Peilow – Crown Representative, Banking and Payments, Cabinet Office

Carlos Sanchez – CEO, Orwell Group

Faith Reynolds – Member, Financial Services Consumer Panel

James Emmett – Chief Operating Officer, HSBC

Katherine Horrell – Group Treasurer, Centrica

Marion King – Group Director of Payments, Royal Bank of Scotland

Mark Lyonette – Chief Executive, ABCUL

Michael Maier – Deputy CEO, FIDOR AG

Mike Smith – Independent

Neil Lover – Head of Payments and Financial Crime, Coventry Building Society

Neil Rowan – Head of Enterprise Billing and Global Sourcing, BT

Paul Horlock – CEO, New Payment System Operator

Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group

Ruth Wandhöfer – Global Head for Regulatory and Market Strategy, Citi Bank

Sian Williams – Head of National Services, Toynbee Hall

Steven Cooper – CEO, Barclaycard Business Solutions

Thaer Sabri – Chief Executive, Electronic Money Association

Tony Shaw – Head of Treasury - Cash and Banking, Tesco

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Consultation Assessment Report

December 2017

1 Background

1.1 The Forum

The Payment Strategy Forum (the Forum) was established in October 2015 by the Payment Systems Regulator (PSR). It represents the first times those who have an interest in payments in the UK have worked together to plan a future that meets the needs of all users, to close the needs gap, address end user detriments, and unlock competition and innovation.

In November 2016, the Forum published its Strategy. It set out a bold vision for the future of UK retail interbank payment systems.

Figure 1: Our vision and objectives

We chose seven principles to support our vision for the future, and address known detriments identified by the Payments Community.

Figure 2: Principles to support our vision

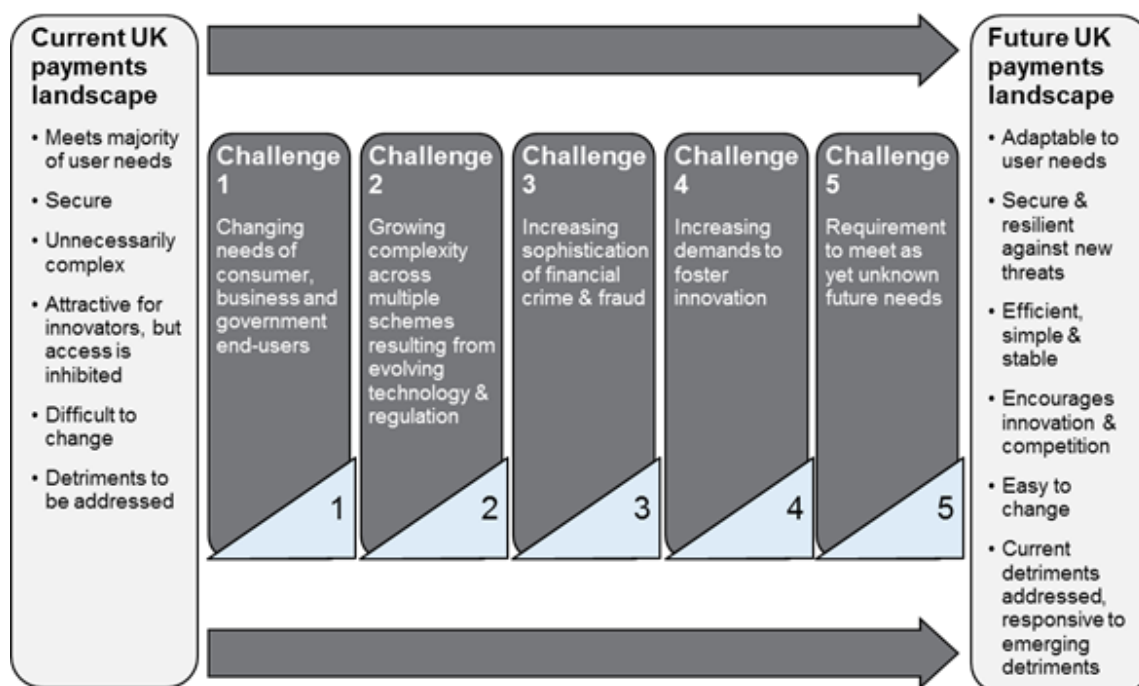We identified five key challenges that needed to be addressed:

Figure 3: Key challenges to the UK payments industry

In our Strategy, we proposed:

- The development and implementation of a New Payments Architecture (NPA) to introduce effective competition between providers of payment services, composed of a layered structure to make it easier for innovation to occur at a quicker pace. It will provide security, stability and resilience.
- The consolidation of the three main UK retail Payment System Operators: Bacs Payment Schemes Limited (BPSL), Cheque and Credit Clearing Company Limited (C&CCL) and Faster Payments Scheme Limited (FPSL) into a single entity – the New Payment System Operator (NPSO). The NPSO will take ownership of the NPA design and implementation.
- A set of solutions to help prevent or reduce the impact of financial crime on users.

Building on the concepts outlined in our Strategy, we published a draft blueprint for consultation in July 2017. This Consultation Assessment Report provides an overview of our final NPA Blueprint, the responses to the consultation and how your feedback has been taken into account to shape the way forwards.

1.2   The NPA in Alignment with our Principles

The design of the NPA was led by the desire to enhance user experiences, address user detriments and provide a platform for the UK to continue to be a global payments leader. Moving to a new modern architecture provides an opportunity to address historical problems of slow innovation, and the concentration of ownership and control of payment systems.

The key design features of the NPA in alignment with our principles are:

- A layered approach with a 'thin' collaborative infrastructure to enable competition and innovation.
- A single set of standards and rules with strong central governance.
- Adoption of a common international messaging standard, ISO 20022, to enable access, innovation and interoperability, in the UK and potentially for international connectivity.
- Security and resilience, with financial stability as a key principle.

- The use of a technical 'push payments' mechanism to enable simplicity and increase customer control.
- Flexibility built into the design to support a range of existing and new end-user overlay services such as Direct Debit, Request to Pay and Assurance Data including Confirmation of Payee.

The combination of a 'thin' centre, overlay services and interoperable standards provides the basis for future payment systems infrastructure to be more agile and flexible than what exists today while maintaining security, stability and resilience. It aims to drive competition and innovation across the payments value chain in the interest of users. Where there is demand, there should be the ability to launch new services more quickly.

1.3   Improving Trust in Payments

Our Strategy and solution design documentation propose solutions to engender user trust in safe and certain payments through collaboratively preventing financial crime. Each solution looks to address detriments faced by consumers and payments community organisations.

We committed to consulting on a subset of solutions. In this document, we summarise the responses we received in consultation for Payments Transaction Data Sharing and Data Analytics, and the Trusted KYC Data Sharing solutions. The responses allowed us to progress the solution proposals, updates are reflected in our final solution documentation that is in the final stages of handover to the NPSO and UK Finance.

For each solution, we plans in place to hand over ongoing solution activities to appropriate industry bodies. An update on the progress of the solutions not included in our July consultation can be found in the appendix[1].

1.4   Consultation Phase and Next Steps

The Strategy, NPA Blueprint and Financial Crime documentation are the culmination of over two years of work undertaken by individuals across the Payments Community. The Community has grown to over 650 individuals, from over 350 organisations. The participation of these individuals and organisations demonstrates a significant level of collaboration and commitment from across the payments industry. These individuals have dedicated a significant amount of time alongside their full-time workloads at their respective organisations.

We would like to express our sincere gratitude to the payments community. This journey would not have been possible without their valuable ideas, insights, challenges, consideration and hard work.

We would also like to thank those individuals and organisations that provided responses to our two consultations. The insights provided have been invaluable in shaping our thinking and providing additional insights into our solutions and plans.

We have analysed and acted on your feedback, which included reaching out to particular stakeholders for further clarification and sharing our updated thinking. This process has resulted in both this document and the updated documents outlined in the section below. We also highlight areas where further work is required to forward our vision.

We have concluded that our approach and its technical viability were broadly supported by the Payments Community in both consultation responses and our follow-up work. We do however particularly acknowledge the need for additional detailed design work on the unattended payments capability, especially Direct Debit. We thank the Community for helping us shape our thinking for this next phase of activity.

The ongoing design and implementation of the NPA is handing over to the NPSO, and the individual Financial Crime solutions handing over to the NPSO and UK Finance, for these organisations to make the vision outlined in our NPA Blueprint and Financial Crime solution documents a reality, and to maintain the same level of engagement with the Payments Community.

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[1] Appendix 3 provides an update on the progress and handover of our solutions that did not form part of the main consultation.

1.5 Documentation

Taking into consideration feedback from the consultation, updates have been made to the Forum documents.

The NPA Blueprint consists of the following documents:
- NPA Design and Transition Blueprint
- Collaborative Requirements and Rules for the End User Needs Solutions Blueprint
- Request to Pay Technical Solution Blueprint
- NPA Implementation Plan Blueprint
- Cost Benefit Analysis of the NPA Blueprint
- NPA Commercial Approach and Economic Models Blueprint
- "Fresh Eyes" Risk Assessment

The Financial Crime documents are:
- Payments Transaction Data Sharing and Data Analytics:
  - Solution Scope and Governance Oversight
  - Solution Implementation Approach
- Trusted KYC Data Sharing
  - Standards Scope and Governance Oversight
  - Framework Implementation
- Financial Crime Information and Data Sharing: Solution Paper
- Guidelines for Identity Verification, Authentication and Risk Assessment
  - Executive Summary
  - Guidelines Scope
- Liability Models for Indirect Access: Solution Paper
- Enhancement of Sanctions Data Quality: Solution Paper
- Customer Educations and Awareness: Solution Paper

2 Consultation overview

2.1 Consultation Process

This consultation report summarises the responses to the 66 questions posed in our July 2017 consultation paper on the "Blueprint for the Future of UK Payments". In total, we received 48 responses to the questionnaire from a wide range of stakeholders including consumer groups, businesses, trade bodies, infrastructure and software providers, Payment System Operators (PSOs), both bank and non-bank Payment Service Providers (PSPs), FinTech firms and individual experts. We received an additional 11 letters in response to the consultation report. We are grateful to all those who took the time to provide input into this process.

The responses were used to provide insights and to inform the development of the NPA Blueprint, with the free-format comments being particularly useful. We undertook to respect the wishes of the respondents who regarded the information provided as confidential, to the extent permitted by law. The results shown in this consultation report are therefore presented in aggregate form only; no responses have been individually identified.

Some judgement has been required to summarise some of the consultation results (e.g. where individual respondents' answers appeared contradictory, or where the organisation did not give a definitive answer).

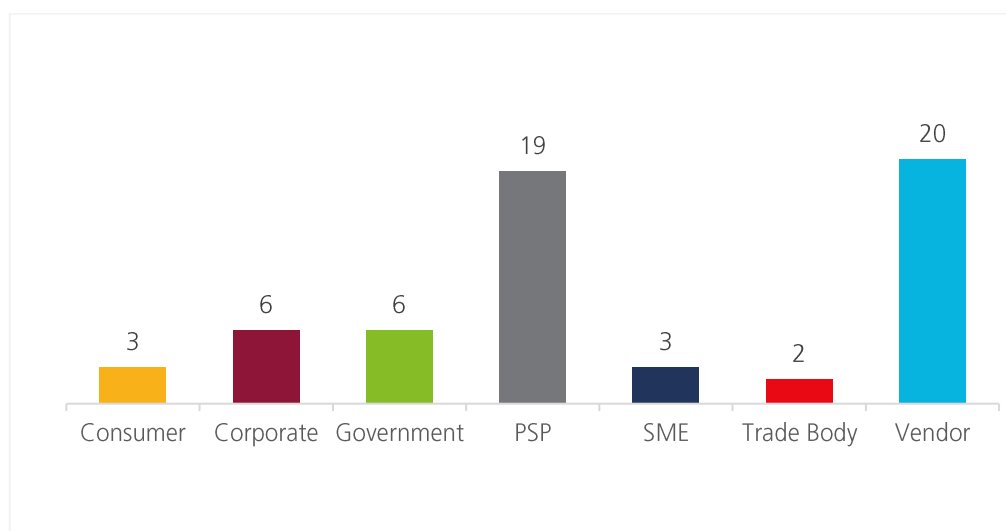The responses are categorised throughout this document by organisation types as outlined below.

Figure 4: Number of respondents per type of organisation

The analysis in this section has been sub-divided into the consultation subject areas and for each topic is presented in two stages:

- Notable response themes. Summarising the overall message/s for that subject area together with our analysis of those responses and associated actions at a high level.

- Themes and treatment plans. An analysis of responses received on that subject, with commentary as to how we have addressed the responses.

The appendix contains a question by question analysis of the responses received.

The process undertaken to analyse the feedback from respondents to prepare themes, with corresponding responses is outlined below.
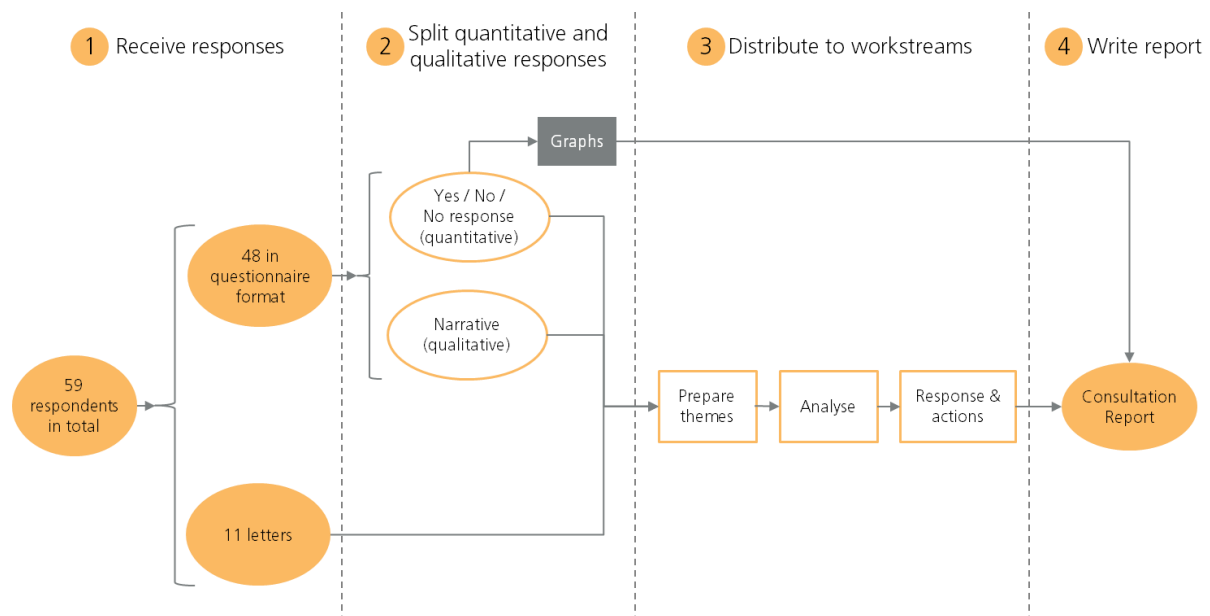

Figure 5: Process to show how the final report was produced

As the diagram above shows, we processed the responses provided in questionnaire format to produce the statistics and graphs used in this document. The question narrative and responses in letter format were read and evaluated by our different workstream members, to produce updated designs and recommendations. The quantitative and qualitative analysis was used to create this final Consultation Assessment Report.

2.2   The New Payments Architecture

Our work in 2017 built on our Strategy published in November 2016 by issuing the draft blueprint for consultation in July, which set out a rationale, design and implementation approach for the New Payments Architecture (NPA).

Consultation feedback has given us sufficient reassurance in the case for the NPA as a means to provide simpler access, ensure ongoing stability and resilience, encourage greater innovation and competition, as well as to enhance adaptability and security to meet the needs of current and future generations of payment service users.

This architectural approach and its technical viability were broadly supported by the Payments Community in both consultation responses and our follow up work. We do however acknowledge the need for additional detailed design work on the unattended payments capability, especially Direct Debit.

2.2.1   Notable Response Themes

Below we set out notable themes that emerged from the responses to this section of the consultation. We outline the responses received about centralised clearing and settlement, the move to a push payments mechanism and the requirement for further analysis for the implementation of Direct Debit using a push payments mechanism. Finally we provide a high level overview of our proposed architecture, and identify areas where further analysis will be required during the next phase of design and implementation.

2.2.1.1   Strong agreement with the recommended clearing and settlement option

During our July 2017 consultation, we discussed the merits and disadvantages of centralised and distributed approaches to clearing and settlement. We recommended the centralised clearing and settlement process as the preferred approach.

28 organisations supported the recommendation for a centralised clearing and settlement model, 2 organisations did not and 18 did not state a preference. One respondent noted that in relation to clearing and settlement the views of the Bank of England will be paramount.

The 18 organisations who didn't state a preference didn't provide comments except for one. An existing Payment System Operator (PSO) stated that it was not possible to reach the right conclusion without rigorous testing and assessment, which is consistent with their broader response sharing the view that more analysis is needed.
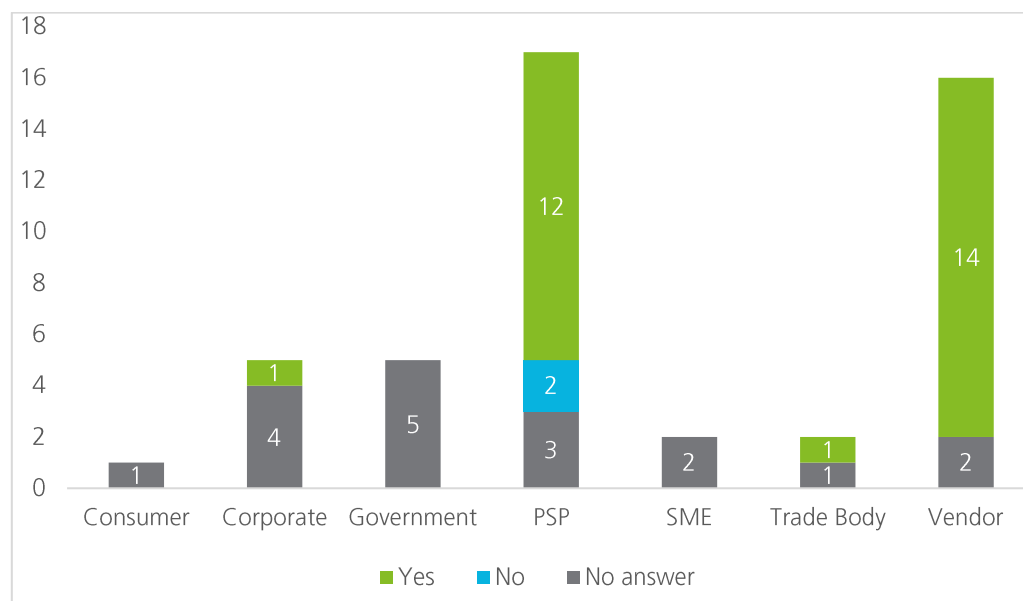

Figure 6: Agreement with the recommended centralised clearing and settlement option

Having considered the responses we received, we believe that the centralised approach to clearing and settlement remains the correct decision.

2.2.1.2   Mixed response to the move towards a push model

In the consultation paper, we recommended that a push only model would offer the advantages of greater flexibility and control, and a simplified payments approach through the use of one mechanism. We asked respondents whether they agreed with our recommendation to move towards a push payment mechanism for all payment types.

20 organisations agreed with the recommendation of moving to a push mechanism, 17 disagreed and 11 did not respond. The 17 organisations who disagreed with the proposition had one main concern – the future of Direct Debit within the UK's payments ecosystem.
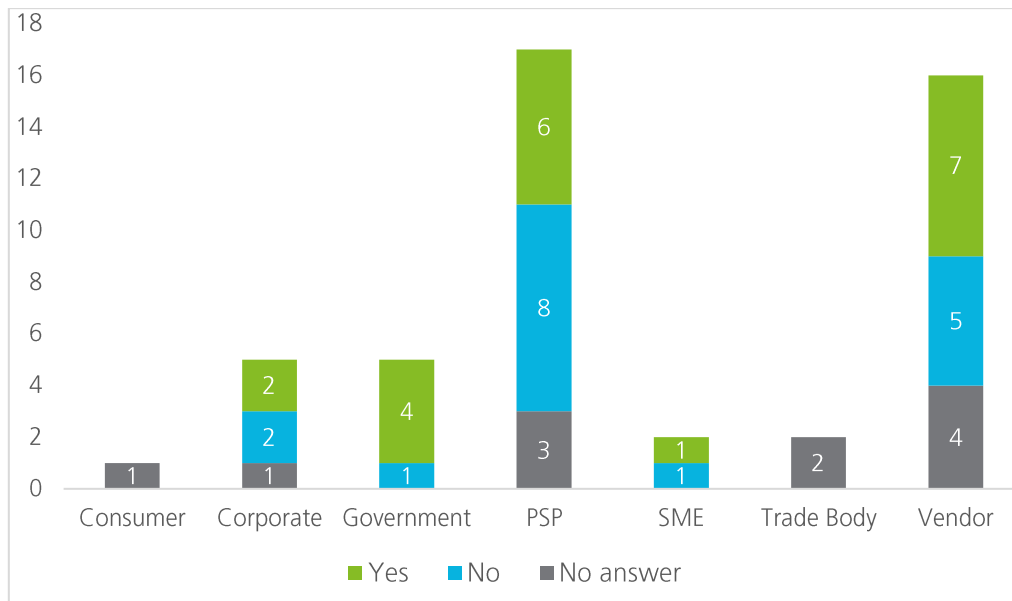
Figure 7: Agreement with technical 'push' payment mechanism

We would like to assure all parties that our intention is to ensure the continued operation of Direct Debit on the new payments architecture.

2.2.1.3 Further analysis required of adopting the push model for Direct Debits

Given our proposed move of all payment types to use a 'push' payment mechanism, we identified benefits and challenges associated with this change. We asked whether the implications of making this move to a 'push' payments model had been adequately captured.

10 organisations agreed that the implications of adopting a technical push payment mechanism were adequately identified, 17 disagreed and 21 did not respond.

Examples of themes from the 17 organisations who disagreed are:

- A lack of detail around the proposed move towards a push payments mechanism, i.e. capturing the implications of moving Direct Debits to a technical 'push' payment mechanism.

- A lack of sufficient engagement and assessment to fully understand the implications of adopting a push model, particularly for those corporates and charities with a level of access to the infrastructure.
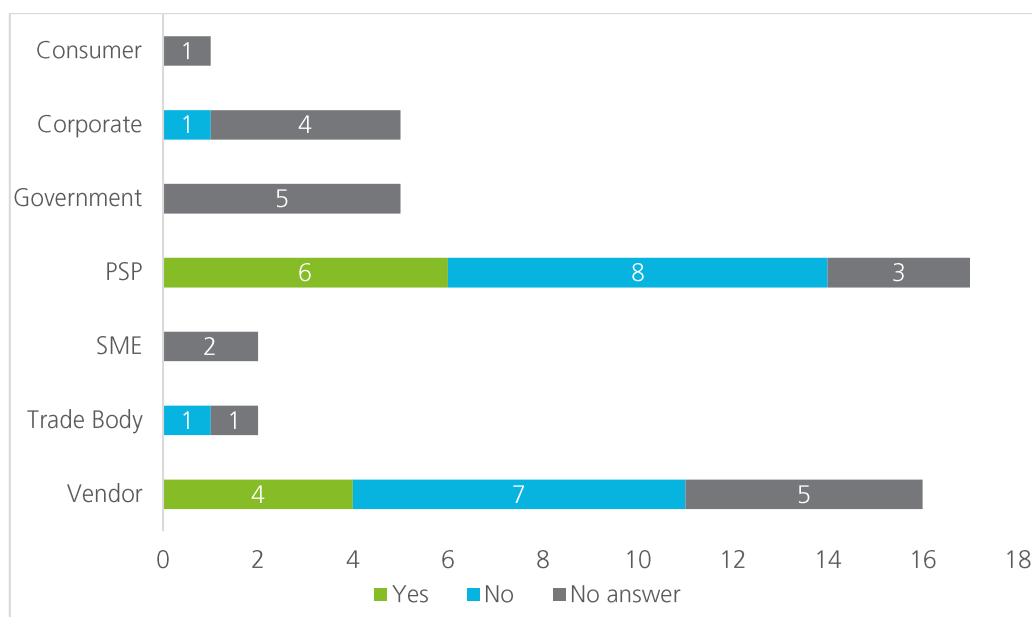
Figure 8: The implications of adopting a push model

Since the publication of the consultation paper in July and the analysis of the responses from the consultation we have undertaken the following additional work

- Continued engagement with Bacs through attendance of Bacs Affiliates sessions.

- Further clarification of the use of the push model, which has been reflected in the final NPA Blueprint.

- Further engagement with respondents that expressed concerns to explain the technical mechanism in greater detail.

- The analysis of the unattended payments requirements and design has started earlier than initially planned to allow longer to resolve the remaining concerns. The initial phase of analysis is summarised in the next two sections.

2.2.1.4   The development of the New Payments Architecture

Our proposed architectural approach envisages an evolution and enhancement of the existing UK interbank retail payment schemes and systems, leveraging complementary industry initiatives such as Open Banking.

The NPA will be underpinned by a single defined and simplified ISO20022 clearing and settlement capability that processes the payments messages for all payment types and that the NPSO will run a single competitive procurement to select the supplier(s) for this capability.

Existing and new services will be delivered by the market as competitive overlays – including Direct Debit. Whilst the NPSO is not expected to procure these, they will be responsible for the development and management of the rules and standards for the overlay services.

The next section outlines further areas of investigation which have been identified. This work will be taken forward by the NPSO in collaboration with key stakeholder groups. The next level of design of the NPA and the timelines for these activities will be subject to the oversight of the NPSO. There will be a number of design and proof points as part of the delivery governance model for the NPA to ensure alignment with the overall NPA architectural end goal and principles.

2.2.1.5 Overview of areas for further detailed analysis

Our work since consultation, and further discussion with stakeholders has resulted in a list of key detailed design areas to focus on in more detail (see below). In particular and in common with many respondents, we recognise the importance that the payments industry places on Direct Debit.

The NPSO will be responsible for performing the next phase of design work for each of these key areas of focus. The result of this design work should be to determine the optimal solution for delivering the current retail payments system operators' products and services over the NPA that meets with regulators' requirements to enable competition, address customer detriments, limit disruption to service users, and ensure stability and resilience.

I. Architecture & Payment Processing

- The role of the TPSP routing / validating / disaggregating payment files in place of retail payments system operators.

- The control of CASS during the validation process that the TPSP is now handling.

- The impact of replacing Bacs "A-Messages" with a new interface e.g. amending mandates via the existing ADDACS message.

- The potential clearing cycle for Direct Debits and Direct Credits.

- Identifying any additional detriments within existing retail payments system operators' services that need to be addressed during the service refresh.

II. Legal

- There will be a set of legal activities initiated by the NPSO in 2018 to assess the impact of the NPA on existing payment instruments, e.g. Direct Debit.

III. Service User Processes

- The role of the receiving PSP aggregating payment files instead of retail payments system operators.

- The impact of the reconciliation process for a large corporate and/or government department.

- The identification and process alignment for the Grade 3 government Direct Credit submitter.

- The economic and practical model for delivering services.

IV. Assurance

- As the design process moves through its stages, assurance and liability issues will be fully considered to ensure that customer impact and system security and resilience remain intact.

V. Regulatory

- The ownership and control of retail payments system operators' services, for example, ISA transfer, Bulk redirection, Affiliate training, Service User audits.

2.2.2 NPA Themes and Treatment Plans

Theme 1. Concern about the future of Direct Debit within the UK's payments ecosystem.

A common theme amongst respondents was a concern as to the future usage of Direct Debit under the proposed NPA design. We have further expanded on the comments from respondents below, alongside our response to what was said.

Themes	Responses
• Direct Debits are being shut down.	As stated on our website in October 2017, it is not our intention to discontinue the use of Direct Debits. Our analysis thus far indicates that Direct Debit could be successfully implemented on the NPA using a push payment, and this is our expectation.
• Uncertainty whether Grade 3 services will continue.	Direct Debits including grade 3 services will not be shut down and the NPA architecture can support them.
• Request to Pay (RtP) replacing Direct Debit.	Direct Debits will not be replaced by RtP. RtP is intended to be a complementary product to Direct Debit.
• Significant operational and cost impacts on service end users and bureaux. • The impact on originators of payments and the approximately 130,000 direct submitters to Bacs. • Direct Debit is a proven working solution and the move to a push-only payment model having the potential to be highly disruptive.	Third-party payment service provider (TPSP) delivered services are expected to ensure that there will be minimal impact on payment service users and bureaux. The Bacs eco-system is made up of end-users, several hundred bureaux and a small number of solution providers. Work is being carried out by the NPSO and will continue into 2018 to determine the impacts of moving to a push model on the different market participants. This work intends to minimise any NPA generated impacts (recognising that regulations such as the revised Payment Services Directive and General Data Protection Regulation will have an impact outside of the NPA design). Indications are that a number of TPSPs have seen the opportunity and are preparing to deliver these services.

Activities:

In response to the comments received, we have undertaken the following activities:

- Clarifications have been posted on our website in October 2017 intended manage any misunderstanding and give comfort on the future of Direct Debit and its relationship to Request to Pay.
- Sessions have been held with multiple stakeholders to review the architecture and demonstrate how Direct Debit can function on the NPA. This detail is in the NPA Blueprint.
- Further work will be undertaken as identified in section 2.2.1.5

Theme 2. Respondents' request for more analysis to adequately capture the implications of adopting a push model and in proving key aspects of the NPA.

Themes	Response
• The need for more clarity around how Direct Debit will work on a push-only system. • The need for further analysis on the business and technical implications of adopting a push model. • Demonstrating resilience and how the NPA will meet the Bank of England's resilience imperative.	Further work has been completed to elaborate on the functioning of Direct Debit on the NPA and is reflected in the NPA Blueprint. This will be further developed by the NPSO as part of their delivery of the NPA.
• The potential impact of the revised Payment Services Directive (PSD2) on moving Direct Debit to a push model. • Concerns about the impact on the legal and regulatory framework on Direct Debit of moving to a 'push payment' model. • Determining the security arrangements, liability models and legal framework to support the concept of the NPA.	A review with the FCA on whether Direct Debits will / will not be impacted by a move to a push payment model was completed, alongside an informal legal view of the position. We believe that Direct Debit can operate on the new push payments mechanism within the current legal and regulatory framework. There is recognition that further work is required to establish the liability framework for the NPA which will be developed by the NPSO starting in 2018, as described in section 2.2.1.5.
• The flexibility of the NPA to accept additional overlay services, for example 'Request to Accept', where the beneficiary can choose to accept or reject an inbound credit.	The NPA layered architecture allows innovation and enables competition on the top layers.
• Alignment with other payment programmes, e.g. demonstrating the use of ISO20022 interoperability based on learnings from Open Banking. • The possibility of utilising existing investment and infrastructure.	Careful planning is essential to ensure service resilience and best use of participants' resources. The NPA will be delivered by a number of coordinated NPSO projects that will be subject to industry standard governance and programme rigour. A 'map' showing how industry initiatives, such as Open Banking, enable the delivery of the NPA will be finalised and added to the NPA Blueprint.
• The ability of the NPA to respond to the Which? Super-complaint.	The NPA will only accept authorised payments at the clearing layer. The clearing layer will include the ability to integrate with Financial Crime transaction analytics capabilities, to allow competitive development of solutions to help address the Which? Super-complaint and better enable financial crime prevention and detection.
• Communicating with multiple PSPs rather than one Automated Clearing House (ACH) would increase the complexity, cost and risk of a vendor's product or service.	Careful planning is essential to ensure service resilience and best use of participants' resources. The NPA will be delivered by a number of coordinated NPSO projects that will be subject to industry standard governance and programme rigour.

Themes	Response
• Corporates expressed concern that changes will impact their systems.	
• Concern about the NPA's ability to be able to process payments originated outside the UK.	Currently, when payments originated outside flow into domestic schemes, there is data loss part of message translation. However, with NPA using ISO20022 data loss will be avoided, supporting interoperability.

Activities:

In response to the comments received, we have undertaken the following activities:

- We have engaged the NPSO partners and affiliates through their existing stakeholder programmes in a number of workshops to establish detailed requirements for the NPA.
- The consultation document indicated that work was already underway and that more analysis will be performed by the NPSO as part of its NPA delivery projects. These updates are reflected in the NPA Blueprint.
- Further work will be undertaken as identified in section 2.2.2.
- The NPA strawman implementation plan has been updated in the NPA Blueprint and the NPSO will oversee the next level of details around the timelines.

Theme 3. Concerns that a layered architecture will compromise security.

Themes	Response
• A layered model enables large numbers of new entrants which could introduce new security risks. • Implementation of measures to prevent payment fraud.	The NPA is underpinned by a trust framework (similar to Open Banking) which is envisaged to ensure that participants in the NPA are known, trusted and accredited before they can access other layers and components of the NPA.

Activities:
- The security framework to be developed by the NPSO in 2018.

Theme 4. Further analysis of the clearing and settlement deployment approach.

Themes	Response
• Broad support for clear segregation between the clearing and settlement layers. • Further analysis on the clearing and settlement deployment approach for the clearing layer is required, including how clearing and settlement mechanisms would work in principle and how they can scale, both in terms of user numbers and performance demands given anticipated growth.	Widespread support for a centralised clearing and settlement model. Further analysis to be performed by the NPSO on the appropriate deployment approach for clearing and settlement.
Activities: Detailed requirements and a vendor selection approach will be developed by the NPSO during 2018.	

Consultation and collaboration with the payments community have been at the heart of our approach throughout our work. We have carefully taken consultation responses and other feedback into account.

The **NPA Design and Transition Blueprint** has been updated, where appropriate, to show our responses to feedback from the consultation.

2.3 Collaborative Requirements and Rules for the End-User Needs Solutions

There was widespread support for the end-user solutions and a general sentiment that they would address the detriments for which they were designed. There were, however, conflicting views on the Confirmation of Payee response approaches presented, which we have resolved through further analysis and discussion with stakeholders.

2.3.1 Notable Response Themes

In this section we outline how the responses we received during the consultation have helped us to enhance our design for Confirmation of Payee.

2.3.1.1 Confirmation of Payee

Confirmation of Payee (CoP) will provide a payer with information to give them assurance that the account to which they are making the payment belongs to the intended payee. This will help to address the detriment associated with misdirected payments. The CoP response provided to the payer will be clear and unequivocal.

Figure 9: What is a misdirected payment?

Two approaches were proposed in the July consultation document:

1. Approach 1 – The payer is provided with an affirmative or negative confirmation on whether the account belongs to the intended payee.

2. Approach 2 – The payer is played back account information related to the sort code and account number.

Among respondents, 41% preferred Approach 1 while 24% preferred Approach 2.

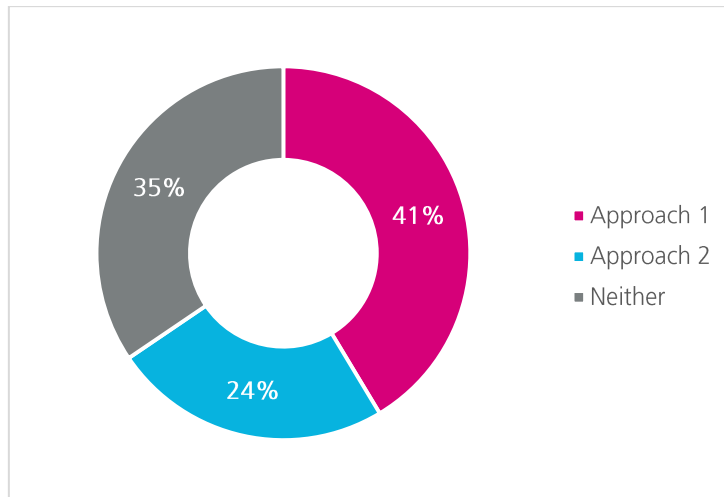10 organisations did not prefer either approach.

Figure 10: Confirmation of Payee responses to approaches 1 and 2

In their responses, respondents outlined the advantages and disadvantages of each of the approaches presented.

	Approach 1 (Matching)	Approach 2 (Playback)
Advantages	✔ Avoids sharing of personal data with payer ✔ Simplicity which would ease integration with business rules and systems*	✔ Most useful to end-user ✔ Easier to develop than Approach 1 ✔ Increased transparency
Disadvantages	x Accurate match may prove difficult to obtain x Minimal value-add to end-user in comparison to Approach 2 x Complexity of fuzzy logic and the liability associated with this on the payee's PSP	x Data protection and privacy is a major concern x Could expose accounts to other potential fraudulent activity and abuse x Would need to operate through a central database model to work x Confusion, where the account name fed back is different to the recognised name the payer, was expecting.

Following respondent feedback, a combined approach was identified that takes into consideration the advantages of both approach 1 and 2 and addresses the cons highlighted.
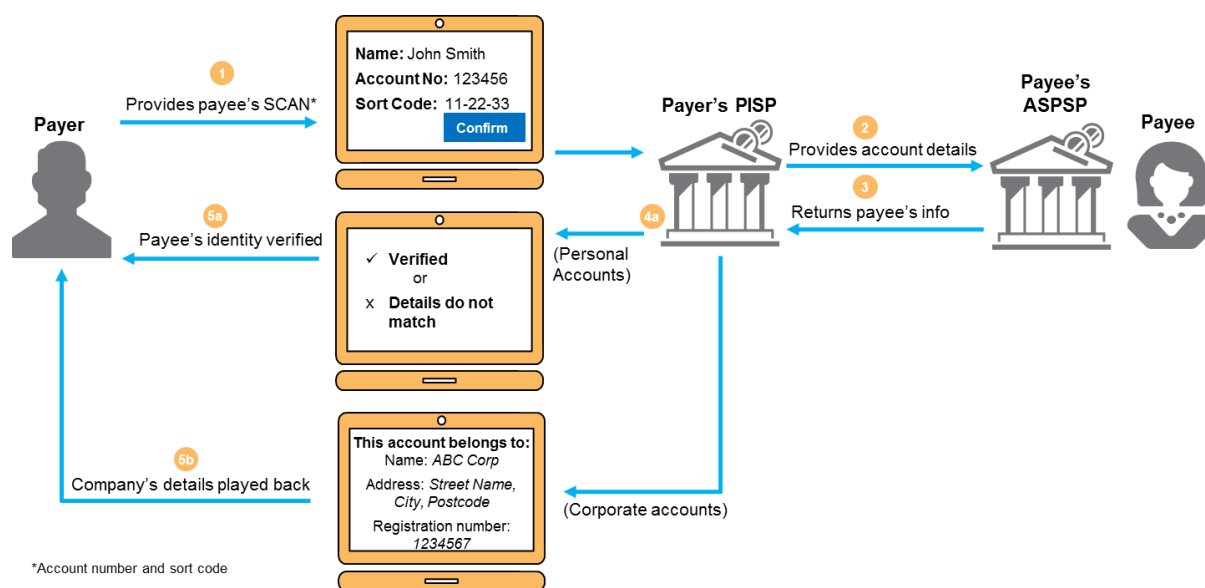
Figure 11: Confirmation of Payee base standard design approach

1. The payer provides the payee's account name, account number and sort code.

2. The payer's PSP forwards the details provided to the payee's PSP.

3. The payee's PSP returns the payee's account name (plus address and registration number for companies) to the payers PSP.

4a. [For personal accounts] The payer's PSP matches the details provided by the payer to the details provided by the payee's PSP (one-to-one match).

5a. [For personal accounts] The payer's PSP, returns an affirmative/negative response.

5b. [For corporate accounts] The payer's PSP plays back the name, address and registration number.

More information about this design can be found in the **NPA Blueprint – Collaborative Requirements and Rules for the End User Needs.**

2.3.2   Themes and Treatment Plans

Several themes emerged from the consultation and are presented in this section.

2.3.2.1   Request to Pay

The Request to Pay solution had the majority of consultation questions. It also had the largest share of responses in comparison to the other EUN solutions. Most of the respondents expressed general agreement and support for Request to Pay as designed in achieving the objectives for which it is was conceived. That is, to increase flexibility, transparency and control for payment end-users.

Respondents also raised queries and highlighted areas requiring further analysis and consideration. These focussed on several areas: the relationship between Request to Pay and Direct Debit; potential operational challenges especially for large corporates; impact on certainty of payment and cash flow, liability framework and fraud and financial crime considerations.

Each of these themes and our responses are presented in the table below. In addition, where needed, we have outlined the activities we have undertaken to further develop Request to Pay in line with both the Forum's plan of activities and the responses received.

Themes	Responses
1. **Further clarity required on the relationship between RtP and Direct Debit.** • Some respondents requested greater clarity on the relationship between Request to Pay (RtP) and Direct Debit (DD) and how the payment extension option as part of RtP would impact on the	RtP is a voluntary and complementary product to Direct Debit. The majority of respondents indicated that while Direct Debit is their main inbound payment method, there is also a material potential segment of their customer base who, in our opinion, could utilise and benefit from RtP.

Themes	Responses
certainty of payment. Some respondents felt that further articulation of liability throughout the RtP chain would be beneficial.	**Activity:** • The NPSO will proceed with the rollout of RtP in collaboration with the competitive market.
2. **Further analysis required on the suitability for RtP for recurring payments.** • There was concern that payers would need to authorise a recurring payment every cycle.	Where payers require infrequent control over recurring payments we believe that the competitive market will provide enhancements to fulfil this demand over and above the core RtP design we presented; for example automated responses etc. We have validated this through conversation with RtP providers. **Activities:** • This action will not be added to the core RtP design. • The NPSO shall encourage RtP providers to provide competitive enhancements in response to customer demand.
3. **Request to Pay uptake.** • A section of respondents expressed concern on the uptake levels of RtP and the associated business case.	There is market interest from multiple parties to offer RtP on a competitive basis, which is evidenced by the existence of demonstrable prototypes. Larger parties in the market have expressed a willingness to offer RtP but have concerns about the cost of change. In response to this concern, several market providers in their consultation response have expressed that they have solutions that would allow large players to integrate RtP with minimal changes to their existing systems. This would reduce the cost of change. **Activity:** • We have worked with the NPSO to initiate an engagement programme to bring together RtP users (payer and payee) and service providers as part of the delivery phase RtP with the aim to inform the next level of detail, drive engagement from an early stage with RtP's user base and increase uptake levels.
4. **Potential operational challenge due to increased communication resulting from RtP.** • Respondents observed that the increased communication as part of RtP could introduce operational challenges, and a level of change will likely be required on existing legacy systems to integrate RtP.	There was a concern raised on changes to corporate systems which we acknowledge. Several vendors who responded saw an opportunity to provide services that minimised the need to change existing systems. **Activity:**

Themes	Responses
	• Suggested approaches and design features were incorporated into the common standard that minimises business challenges arising from increased communication due to RtP, i.e. standard communication fields, automation.
5. Impact of RtP on the certainty of payment. • Further clarity required on how payment extensions would relate to existing payment penalty regimes, credit reporting, vulnerable customer management, debt management.	There was concern around certainty of payment. We were anticipating this concern to arise. Further analysis was carried out on how RtP impacts certainty of payment and associated features such as credit reporting, debt management etc. Activities: • Analysed how RtP impacts certainty of payment. Associated features have been added to the common standard. • A whitepaper was produced on the impact of Request to Pay on the certainty of payment for payers. This has been added to the requirements and rules and is part of the NPA Blueprint.
6. Articulation of liability throughout the RtP chain is not clear.	Activities: • A liability session was conducted with the parties that offered to review the liability framework we have defined. • A workshop was held on 2nd November 2017 with 26 representatives from the payments community to identify Request to Pay liabilities. • The liabilities identified were documented with appropriate recommendations and requirements.
7. Fraud and Financial crime considerations.	Activities: • As part of the liability discussions, the design features of Request to Pay was also explored to reduce the likelihood of fraud and financial crime. • This included recommending that Request to Pay providers be accredited, ensuring the technical infrastructure is robust and secure for integrating Confirmation of Payee. In addition, end-users should be educated on how best to safely engage and utilise Request to Pay. These recommendations have been included in the rules and standards.

We have produced and published the **Request to Pay Technical Solution Blueprint**.

2.3.2.2 Assurance Data

Assurance Data consists of 3 components: Real-time balance, Confirmation of Payee and Payment status and tracking. The majority of respondents focussed on Confirmation of Payee and real-time balance. There was widespread support in particular for Confirmation of Payee, with most respondents expressing a desire to see it delivered as soon as possible.

In addition, respondents commented on the CoP approaches presented in the draft blueprint. This analysis is provided in more detail in the appendix.

There were fewer observations on the remainder of the Assurance Data solutions: Real-time balance and Payment status and tracking. The summary of themes, our responses and associated activities are presented in the table below.

Themes	Responses
1. Real-time balance. • Many respondents mentioned that real-time balance information is already available.	The responses on real-time balance validated our decision not to carry out further work on this solution and leave it to PSPs.
2. Confirmation of Payment Approach. • Response Approach: Most respondents favoured Approach 1 for CoP. However, a majority of respondents pointed out that both approaches had disadvantages that required addressing.	We have incorporated the feedback provided by respondents and proposed an updated approach to CoP. Activities: • There is an update to the design of the CoP solution which has been incorporated into the requirements and rules and handed over to the NPSO for implementation. We recommend that as part of the implementation of CoP, consideration is made to ensure that incidences of false negatives and positives are kept to a minimum. This is through a combination of end-user education and interface design. • This new approach is reflected in the NPA Blueprint. • This new approach has also been shared with HM Treasury, Payment Systems Regulator and Which?
3. PSP Participation. • All PSP respondents with the exception of one expressed that they would be willing to participate in CoP. • They, however, expressed concern with the fact that success was dependent on other PSPs participating and thus a concerted level of coordination may be required.	Activities: • We recommend to the NPSO that a coordination mechanism is put in place to ensure that the rollout of CoP achieves the required levels of engagement and participation across the industry.
4. Regulatory Position. • Several PSPs requested clarification on the regulatory position of CoP as well as how this is being coordinated with the	• All account servicing payment service providers' (ASPSPs) will have to respond

Themes	Responses
ongoing response to the Which? super-complaint.	to requests for Confirmation of Payee from other ASPSPs. • The offering of CoP to customers is competitive in the market. • The PSR could mandate Confirmation of Payee should it deem it appropriate and necessary. **Activity:** • Which? and the PSR were engaged on the super complaint and its interlock with the PSf's work on Confirmation of Payee. We recommend that the NPSO continues this engagement with Which?
5. Payment status tracking. • Respondents agreed with our conclusion that payments status tracking is highly dependent on the underlying infrastructure supporting tracking. • Respondents highlighted the need to ensure additional considerations are made in the next phase of implementation. In particular, data privacy implications that may arise and the need to balance off the implementation cost of real-time information presentation against the benefit accrued to the end-user. In some instances, the end-user may not need an instant receipt of the information.	Requirements around payment status tracking have been included in the design of the NPA. **Activities:** • No further changes to be made to the design. This will be handed over to the NPSO to progress to the next stage of implementation.

2.3.2.3   Enhanced Data

Enhanced Data is the 3rd of the end-user needs solutions. Respondents expressed a general agreement with the use cases and benefits presented. In addition there was general agreement with the design presented which relies heavily on utilising the ISO 20022 messaging standard, and integrating the Enhanced Data capability into the core NPA design.

Respondents pointed out the need to progress the design to the next level of detail, with a focus especially on Data security, privacy and protection. A majority cited GDPR as a key area of focus.

The main theme and resulting actions are summarised below:

Themes	Responses
1. Uses and benefits. • Respondents largely echoed the uses/benefits outlined. Improved reconciliation of payments was the most frequently cited use.	A deliberate action was taken to leave the definition of enhanced data at a high level due to the high level of dependency on the NPA detailed design and the other related projects such as RTGS. **Activity:**

Themes	Responses
• They called for further development on agreement on security, data protection, storage standards and GDPR compliance.	• The NPSO is leading the definition of the next level of detail, for example data schema, data fields, control and security as part of the NPA delivery in coordination with other ongoing initiatives like the Bank of England's renewal of the Real Time Gross Settlement system (RTGS) and the replacement of Faster Payments and Bacs.

The **Collaborative Requirements and Rules for the End User Needs Solutions Blueprint** has been updated, where appropriate, to show our responses to feedback from the consultation.

We have produced and published the **Request to Pay Technical Solution Blueprint**.

2.4 Implementation Plan

Based on the assessment of the current and future industry landscape, there is general agreement with the principles and assumptions supporting the implementation plan for the NPA, the high-level timeline proposed sequencing and transition approach.

Several respondents however observed that the timeline is too ambitious. Some felt that Direct Debits should be migrated separately. The timeline has therefore been modified as part of the post-consultation activities and this strawman timeline can be found in the NPA Blueprint.

The majority of respondents felt there were additional risks not captured within the consultation paper, and we have acted on this feedback by performing a detailed risk review, which will be handed over to the NPSO. Most of these risks were already reflected in the detailed documentation.

2.4.1 Notable Response Themes

Below we set out notable themes that emerged from the responses to this section of the consultation. We outline the responses received about the high level timeline, and present a revised indicative timeline. We also provide an update on our proposed indicative timelines for Confirmation of Payee and Request to Pay implementation.

2.4.1.1 Broad agreement with the sequencing of the NPA implementation, feedback on high-level timetable addressed.

26 organisations are, in principle, supportive of the sequence of events in the NPA implementation plan. 7 did not agree and 15 organisations did not respond.
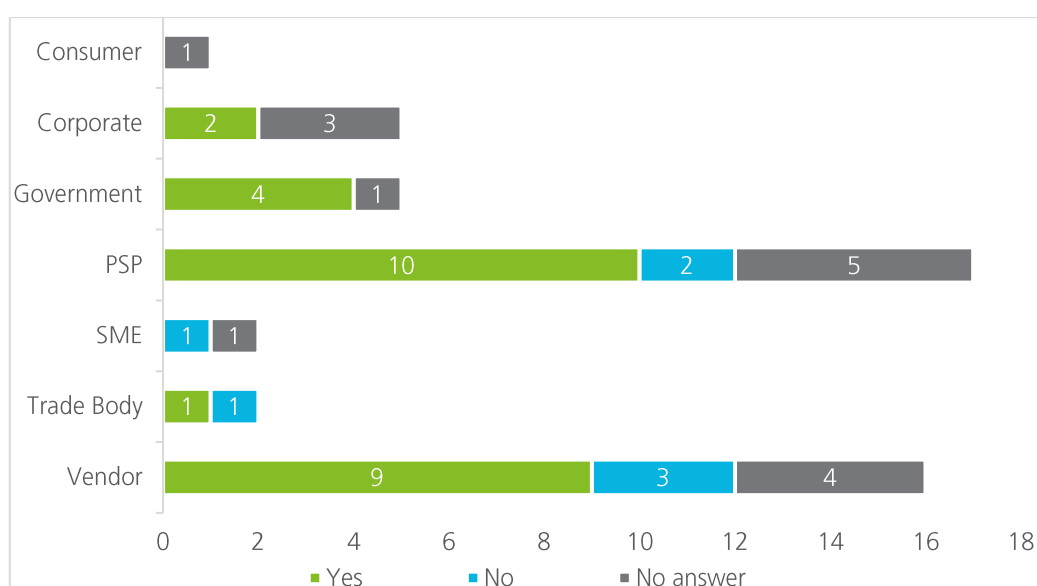
Figure 12: Agreement with sequence of events in NPA implementation plan

17 organisations agreed with the high-level timetable in the NPA implementation plan, 13 did not agree and 18 did not respond.

Key observations included:

- The transition approach and timetable are key matters for the NPSO to develop in more detail, taking into account other external developments and dependencies e.g. the BoE RTGS renewal, PSD2 and Open Banking.

- It might be prudent to set an industry "Go / No Go" decision in 2019 to manage the concerns around slippage of hard dependencies.
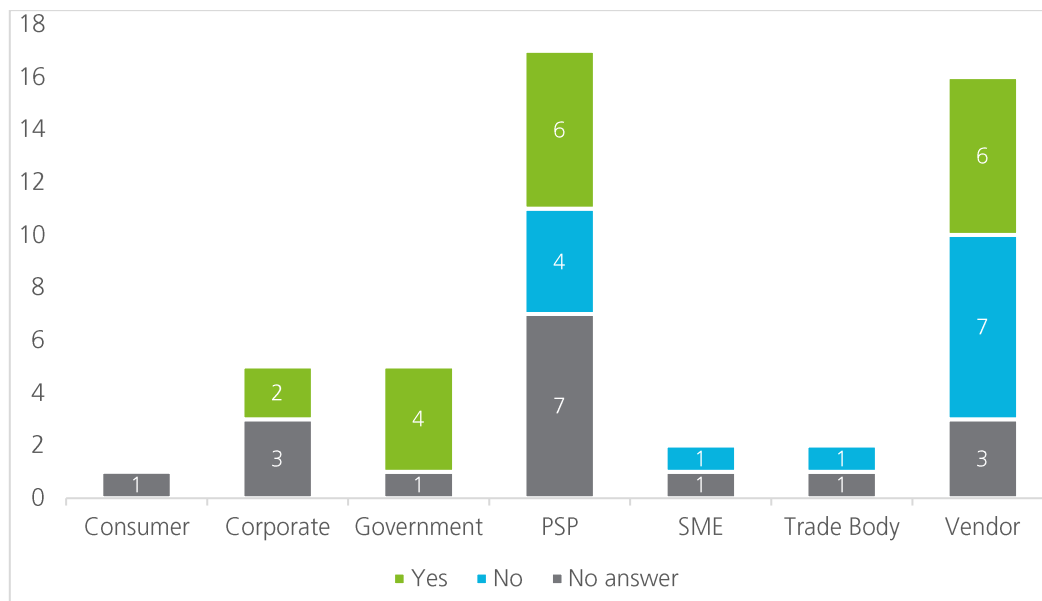
Figure 13: Agreement with the high-level timeline

2.4.1.2   Revised indicative timeline

The revised indicative timeline (Figure 14 below) centres on the delivery of the core Clearing and Settlement layer to support the overall NPA architecture. Consultation responses were broadly supportive of the suggested event sequencing. Of the 30 respondents that expressed a view, 17 agreed with the overall timeline. The feedback confirmed that examination of the next level of detail will be an important step for the NPSO to undertake to further inform the industry.

The timeline presentation has been simplified, especially with regards to the delivery of the Clearing and Settlement layer. The delivery of this layer has been extended by six months to give greater time for analysis and reflect some concerns expressed around the tightness of the delivery schedule. We also added more clarity on the governance activities that NPSO will undertake as part of the NPA delivery.

Through the next level of design, the NPSO will refine the plan to reflect greater detail for additional services and activities. This phase of activity will consider the wider impacts on, and expectations of, key stakeholder groups such as PSPs, Vendors and Corporates for these activities including the development of overlay services.

Work has continued in collaboration with the NPSO to further develop the schedule of activities. The revised indicative timeline illustrates that the preparation activity has commenced within the PSOs to provision a Clearing and Settlement architecture layer agnostic to the different payments and services that will be dependent upon it. The schedule does not identify specific commercial negotiation points or periods as that is for the NPSO to determine.

Within the updated NPA Blueprint we have referred to the detailed activity being undertaken to determine how the products and services will be supported in the architecture. The broad governance activities shown in the revised indicative timeline illustrate the areas requiring consideration by the NPSO enabling the whole industry to transition, whilst ensuring the stability of the UK payments environment.

The NPA Blueprint also contains indicative timelines for the implementation of Request to Pay and Confirmation of Payee (see Figures 15 and 16 below) to address the end user detriments at the earliest opportunity independently of the NPA within the competitive market.

29
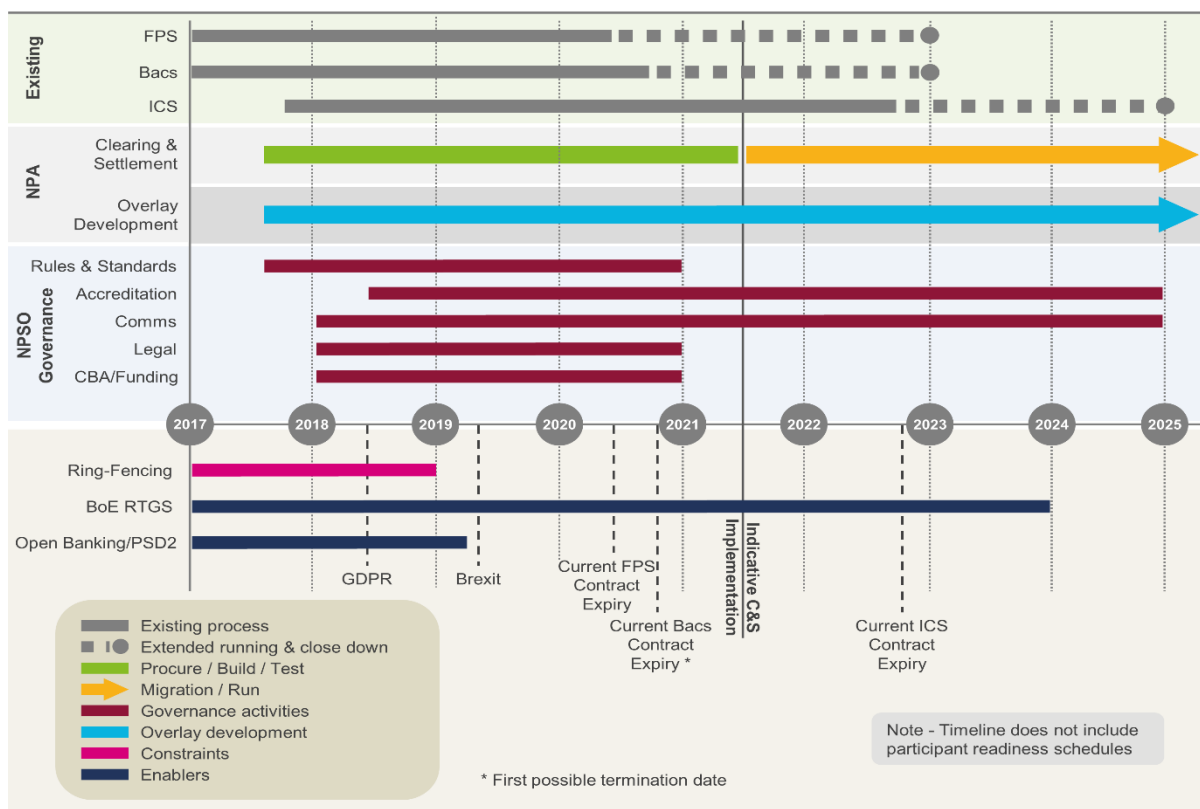
Figure 14: Revised indicative timeline

2.4.1.3   Indicative Request to Pay timeline

The Forum has continued to work on the timeline for Request to Pay, exploring the interlock with Open Banking and adding more detail to arrive at the schedule below. We have worked with the emerging NPSO organisation to develop a set of activities that reflect the likely path to market-readiness of a Request to Pay capability.

The indicative timeline reflects that:

- The NPSO will define the API specification based upon which PSPs will build Request to Pay repositories and end-user applications.

- Request to Pay will be delivered on existing payment infrastructure with the intention of transitioning it over to the NPA.

- The NPA will deliver the Enhanced data capability required to attach data to payments initiated via Request to Pay.

- The NPSO to conduct a review in Q4 2018 to determine market readiness to deliver Request to Pay.
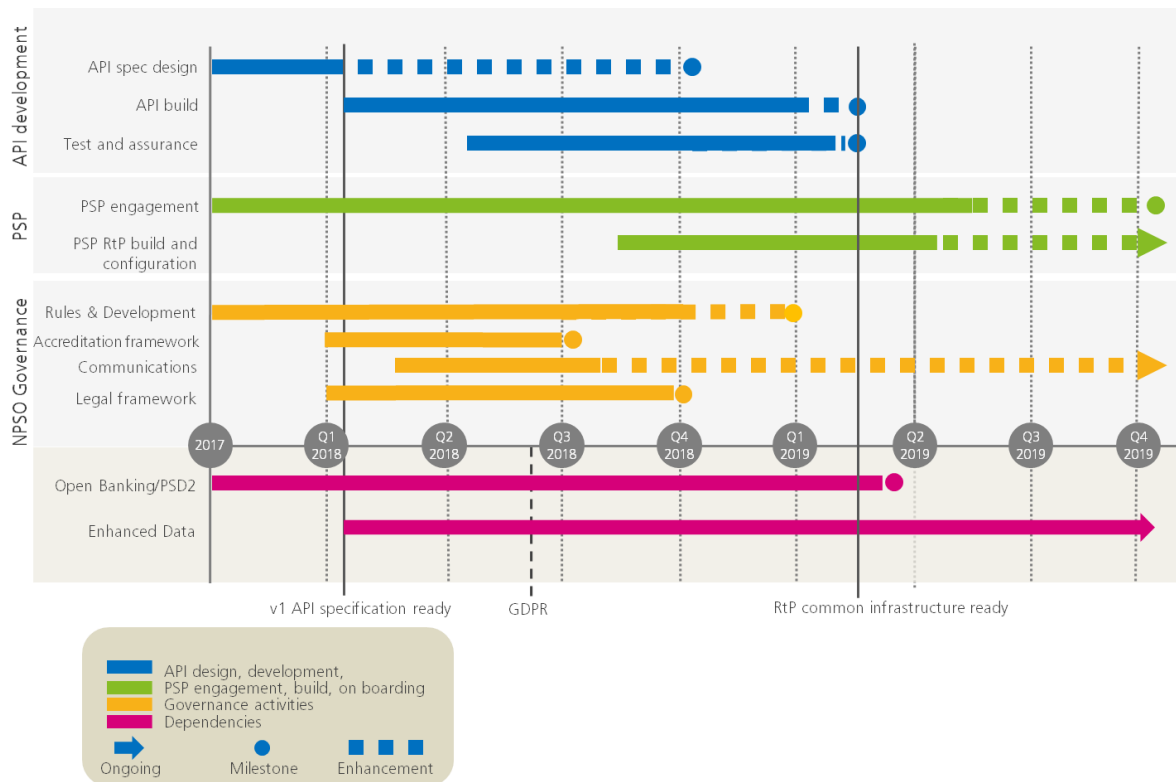
Figure 15: Indicative Request to Pay timeline

2.4.1.4   Indicative Confirmation of Payee implementation plan

The Forum has continued to work on the solution for Confirmation of Payee (CoP), resulting in the new solution (as described in the NPA Blueprint – Collaborative Requirements and Rules for the End User Needs). We have worked with the emerging NPSO organisation to develop a new solution and approach for CoP. This updated solution and the associated plan below has been developed and shared with stakeholders to factor in the appropriate drivers and dependencies relevant to the delivery of CoP.

The indicative timeline reflects that:

- The NPSO will define the API specification based upon which PSPs and vendors will build the APIs.

- CoP is dependent on PSPs configuring their customer channels e.g. online banking portals.

- There is a dependency on the Open Banking API framework and the NPA to provide the minimum common infrastructure e.g. API directory.

- The NPSO will conduct a review in Q4 2018 to determine market readiness to deliver Confirmation of Payee.
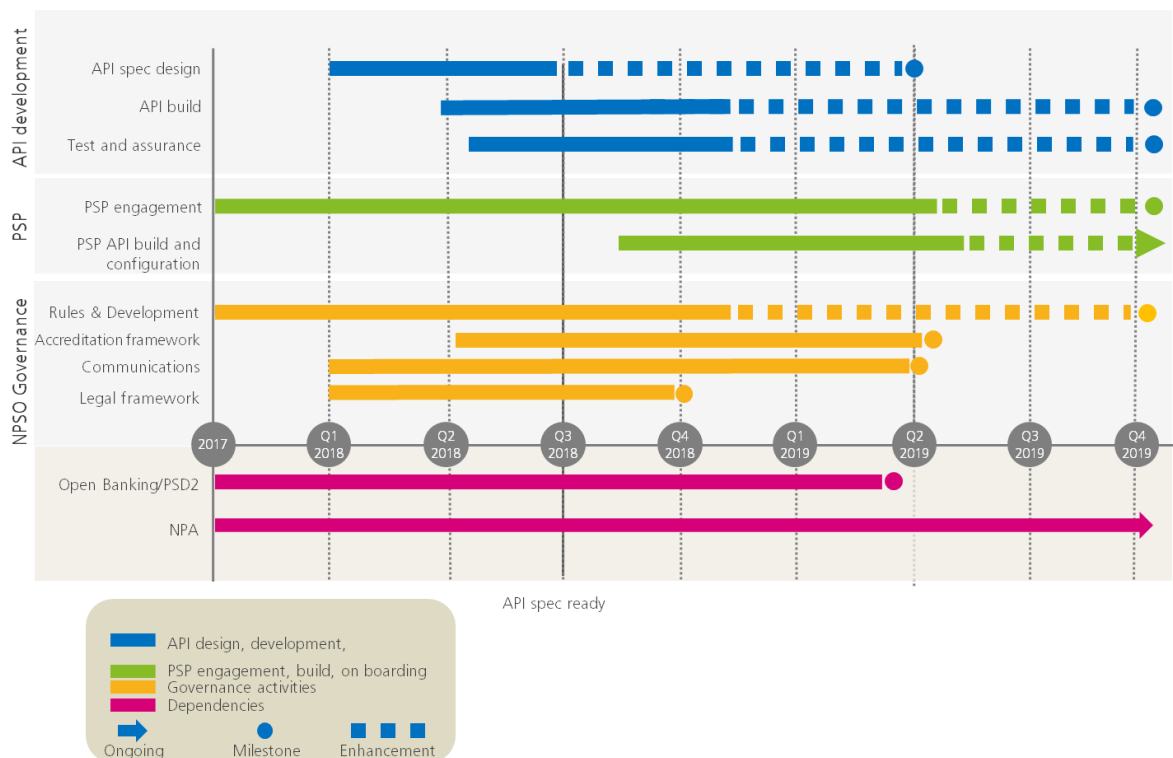
Figure 16: Indicative Confirmation of Payee timeline

2.4.2 Themes and Treatment Plans

Themes	Responses
1. Implementation plan principles and assumptions.	**Activities:** In line with respondents' suggestions, amendments have been made to the implementation plan principles and assumptions, such as: • Strengthening the wording around the principle of retaining resilience and stability of the system. • Adding an assumption to clarify that RtP would operate alongside and complement Direct Debit rather than replace it. • Adding an assumption that processes would be put in place to keep data in sync between legacy and new systems (e.g. Current Account Switch Service).
2. Implementation timeline, sequencing and transition approach.	The implementation timeline initially proposed in the consultation document has been updated after collaboration with the NPSO which reflects the procurement process they intend to use to deliver NPA. The feedback on the consultation has been taken on-board in this process.

Themes	Responses
	Activities: • An updated timeline incorporating respondent feedback, which is reflected in the NPA Blueprint. • Ongoing additional engagement work with small and medium enterprises that will be continued by the NPSO till Q1 2018. • Ongoing targeted meetings with respondents to respond to concerns and address challenges to the approach that will be continued by the NPSO till Q1 2018.
3. Implementation risks. • The majority of respondents felt there were additional risks not captured within the consultation paper. • Confusion over Direct Debit led to responses from SMEs / corporates that any significant changes would be a risk to their business.	Activities: • Additional risks and mitigating actions have been incorporated into the NPA Blueprint, which will be handed over to the NPSO. • Clarification on Direct Debit in the NPA Blueprint and are also described in the architecture section of this document (Section 2.2).

The **NPA Implementation Plan Blueprint** has been updated, where appropriate, to show our responses to feedback from the consultation.

2.5 Cost Benefit Analysis of the NPA

The cost assumptions were challenged by several respondents as being too low. The respondents' observations were that some costs seem to have been excluded, for example, end-user costs, testing and legacy systems retirement. Some respondents noted that benefits were not quantified or stressed, e.g. enhancement of competition, improved macroeconomic outcomes and societal benefits. We have therefore updated the model with the additional information we received from respondents for the costs and benefits, and updated the NPA Blueprint accordingly.

2.5.1 Notable Response Themes

Below we set out an analysis of the responses we received during consultation regarding the cost assumptions associated with the NPA cost benefits analysis.

2.5.1.1 NPA cost assumptions

With regards to the cost assumptions within the business case, 9 organisations agree, 21 organisations do not agree but have not provided alternative figures and 18 organisations did not provide a response.
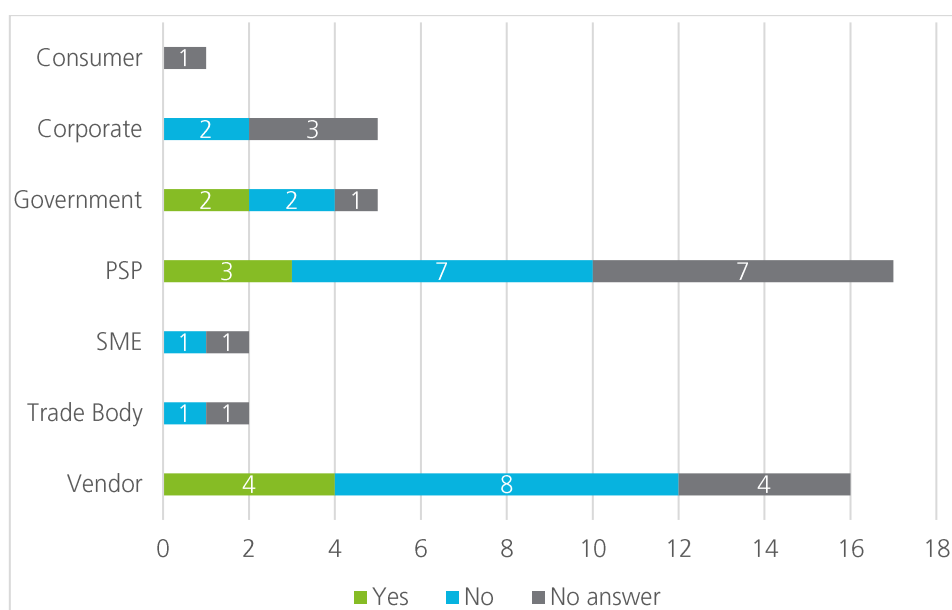
Figure 17: Responses to the NPA cost assumptions

A variety of explanations were provided with regards to the cost assumptions. Some of them are:

- Costs and timeline of construction and dual-running phase

- The estimate for PSPs appears to be low. PSPs will need to build or procure ISO 20022 gateway services and will also need to make a substantial change to their internal payments infrastructure and potentially customer channels.

- The estimate for building the new Clearing and Settlement appears low, considering the complexity of building this to cope with several schemes, to be payment type agnostic and given that it is not something that has been carried out before in the UK.

Despite the challenge on the costs no party has suggested the business case is untenable.

We contacted the 22 organisations that did not agree with the proposed costs (21 thought the costs were too low, and 1 believed the costs were too high). On the basis of re-engagement, we have reviewed all new inputs. Using the data available, we have concluded to keep the costs broadly the same on the following basis:

- Costs will be based on implementation within the API Open Banking ecosystem and these will be less than those of historical implementations.

- Whilst it is acknowledged there have been cost overruns in some other similar developments in the industry, this should not be reflected in the cost estimates as these would, therefore, be artificially inflated.

- More detailed work is needed before an updated cost model for implementation can be developed, without more detail and an additional set of facts, changes applied at this stage would be overly subjective.

- Similarly, any further development of alternative industry scenarios at present would add little value.

2.5.2   Themes and Treatment Plans

Themes	Responses
1. Cost assumptions challenged.	The costs reflect the industry data points obtained during the analysis phase of the CBA. Activities: - The respondents who challenged the costs were contacted and requested assistance in providing additional data points. - Where data was offered, face to face sessions were held to discuss the figures provided and capture underlying assumptions. - These sessions did not yield significant new data points to materially change the CBA.
2. Benefits quantification questioned.	Significant qualitative benefits were listed in the 'Blueprint for the Future of UK payments' published in July. Where the benefits could reasonably be justified and are of scale they were included in the cost benefit analysis. Activities: - The benefits suggested by the respondents have been reviewed. Where appropriate, the NPA Blueprint has been updated to include the relevant analysis.
3. Alternative Industry Minimum challenged. - Challenges were made to the agreed Alternative Industry Minimum position, specifically around the exclusion of Request to Pay and Assurance Data.	We believe the Alternative Industry Minimum sets out the most credible counterfactual position and hence it remains unchanged.

The **Cost Benefit Analysis of the NPA Blueprint** has been updated, where appropriate, to show our responses to feedback from the consultation.

2.6 NPA Commercial Approach and Economic Models

There is broad agreement from respondents that there was sufficient analysis on Commercial Approach and Economic Models to present a series of frameworks to help the NPSO assess funding options, present assessment criteria, identify pre-requisites for the adoption of new solutions and outline finding options for the New Payments Architecture. We have updated the NPA Blueprint with further suggestions provided by respondents where appropriate.

2.6.1 Themes and Treatment Plans

Themes	Responses
1. **Competition existing in payments.** • 85% of organisations agreed that the competition framework adequately captured the types of competition that may exist in payments.	There are suggestions made by respondents that the NPSO should consider as it evolves to assume its role in the market: • The provision of greater clarity around regulatory requirements for TPSPs. • The ability for infrastructure providers to provide overlay services. • From a competitive perspective, the NPSO focussing on scoping requirements and accrediting participants in ways which maximise the opportunity to promote competition and deliver positive outcomes for end-users. • The NPSO developing a range of product offerings extending beyond the narrow landscape of the NPA processing model. • Exercising greater control over the "for the market" vendors. • The impact on downstream competition (including accessibility, efficient pricing, and low prices for end-users) be taken into consideration.
2. **NPA competition categories.** • 90% of organisations agreed with the NPA competition categories whilst only 2 vendors disagreed. • Only one made further suggestions and stated that the impact on downstream competition (including accessibility, efficient pricing, and low prices for end-users) be taken into consideration.	
3. **Roles the NPSO could play in the market.** • 81% of organisations agreed with our framework that captured the dynamic roles the NPSO could play in the market.	
4. **NPA competition assessment.** • 92% of organisations agreed with this analysis.	
5. **Criteria to assess funding options.** • 50% of organisations who responded made suggestions for other important criteria to be used to assess funding options.	
6. **End User Needs Solutions.** • 9 respondents disagreed with our assessment of the End User Needs Solutions, out of a total of 24.	Further suggestions for the NPSO to consider: • The provision of guidance on implementation roadmap and synergies with PSD2 and Open Banking. • The operational structure of an NPSO subsidiary, the roles of market participants as funders and not-for-profit initiatives of the NPSO.
7. **Funding stakeholders.** • 6 respondents disagreed with our assessment of the funding stakeholders, out of 21 replies, however, their suggestions link to the structuring of the funding (e.g. funding for the rail, integration or innovation to be separated	

Themes	Responses
out) rather than the stakeholders themselves.	• Clarity on the role of Government, existing guarantors and a 'Pay to play' model.
8. Funding instruments. • 9 respondents disagreed with our assessment of the Funding instruments, out of 20 replies. Respondents' alternate suggestions are mostly covered by the content of the NPA Blueprint detailed document for the Commercial and Funding Approaches section.	

Activities:

The following topics have been added to the 'Commercial Approach and Economic Models Blueprint':

- Tax implications

- Fee caps for consumers

- Back up / contingency plan

- Interoperability concerns

- Anti-competitive restrictions

- Clarify market participants

- Not for profit focus of the NPSO

The **NPA Commercial Approach and Economic Models Blueprint** has been updated, where appropriate, to show our responses to feedback from the consultation.

2.7 Improving Trust in Payments

Respondents were supportive of both of our Improving Trust in Payments solutions, Payments Transaction Data Sharing and Data Analytics, and Trusted KYC Data Sharing, that were presented in the consultation document. Of all respondents, 37 answered at least one question from Section 6 covering the Improving Trust in Payments solutions. The statistics and analysis within this section relate to those 37 respondents, in addition to the commentary from the 11 organisations that sent letters.

The information gathered through consultation was used to update our solution designs; more details of these updates can be found below. An update on the other Improving Trust in Payments solutions can be found in Appendix 3.

2.7.1 Notable Response Themes – Payments Transaction Data Sharing and Data Analytics

Respondents were supportive of the Payments Transaction Data Sharing and Data Analytics solution.

Emphasis was placed on maximising the solution's potential by considering:

- The inclusion of virtual currencies where possible

- The inclusion of payment initiation instructions, prior to PSP involvement

- Cross-industry benefits, in particular, usage by government, law enforcement and security services
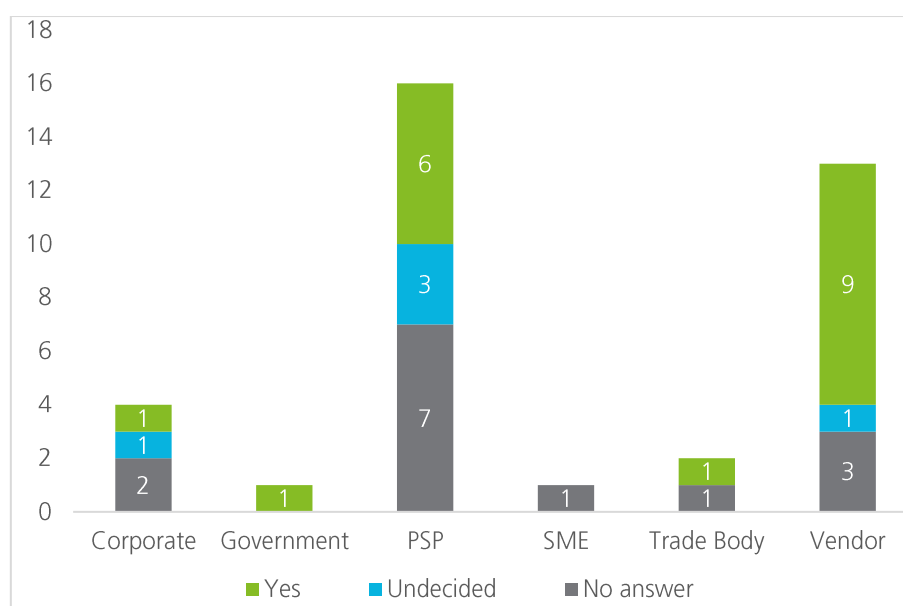
Figure 18: Agreement with the key principles outlined
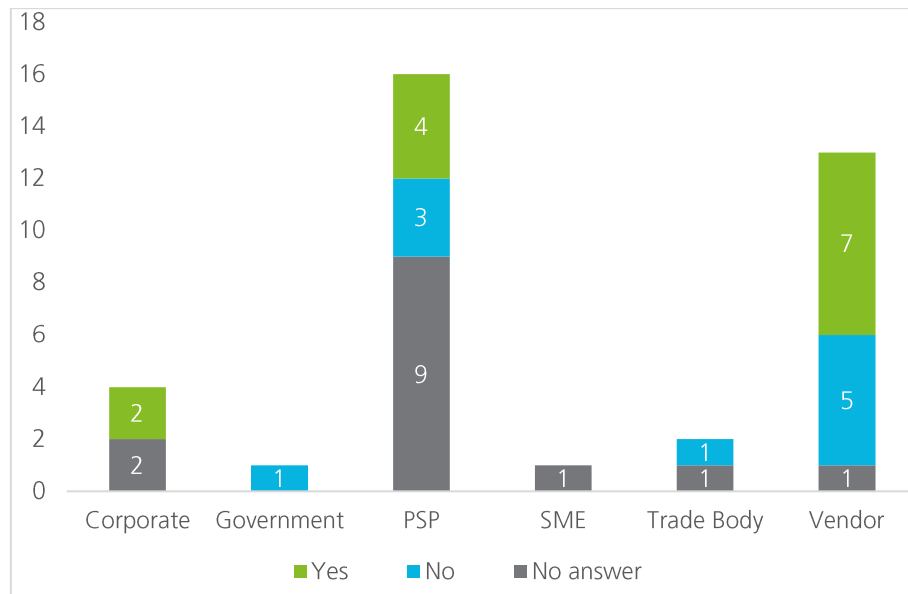
Figure 19: Agreement with the high-level timeline

2.7.2 Themes and Treatment Plans – Payments Transaction Data Sharing and Data Analytics

Themes	Responses
1. Additional suggested participants were provided for the proposed categories.	• We will include a key requirement to ensure that support is provided for future participant categories and developments in the payments industry.
2. Respondents suggested that participant categories should be scalable and flexible to support future participant types that may emerge.	• We will also include reference to appropriate controls and governance in the scope and governance document, such that only valid participants will have access to the data sharing and transactional analytics strategic solution and this will be based on their agreed needs.
3. Positive views were expressed for the inclusion of non-payment industry participants.	
4. Examples given of legislation and controls to be considered were: • GDPR • Proceeds of Crime Act • Money Laundering Regulations • The SARS review • 4th Anti Money Laundering Directive	• A specific requirement to ensure strong data privacy protections are in place as part of the strategic solution will be included.
	• Specific requirements will be included in the scope and governance document regarding the pricing and funding model.
5. Some respondents strongly advised consulting with the Information Commissioner's Office when designing the solution due to the data privacy issues raised by the sharing of data.	• Additional stakeholders suggested by respondents will be reviewed and included in the scope and governance and implementation document as appropriate.
6. A need was expressed that the pricing and funding model for the solution is equitable between all participants of the service.	

Themes	Responses
7. Additional stakeholders were suggested by several respondents.	

We have published the following documents for the **Payments Transaction Data Sharing and Data Analytics** solution:

- Solution Scope and Governance Oversight

- Solution Implementation Approach

2.7.3   Notable Response Themes – Trusted KYC Data Sharing

A clear majority of respondents are supportive of the proposed KYC Data Sharing solution.

Emphasis was placed on maximising the solution's potential by considering:

- The creation of a longer-term strategic view on all aspects of KYC registration and data sharing (both from a domestic and international perspective) given the number of inbound and outbound payment transactions from/to non-UK payment addresses.

- While UK Finance, PSR and NPSO are mentioned as potential candidates as a governance body, a similar number of respondents think a new governance body needs to be created.
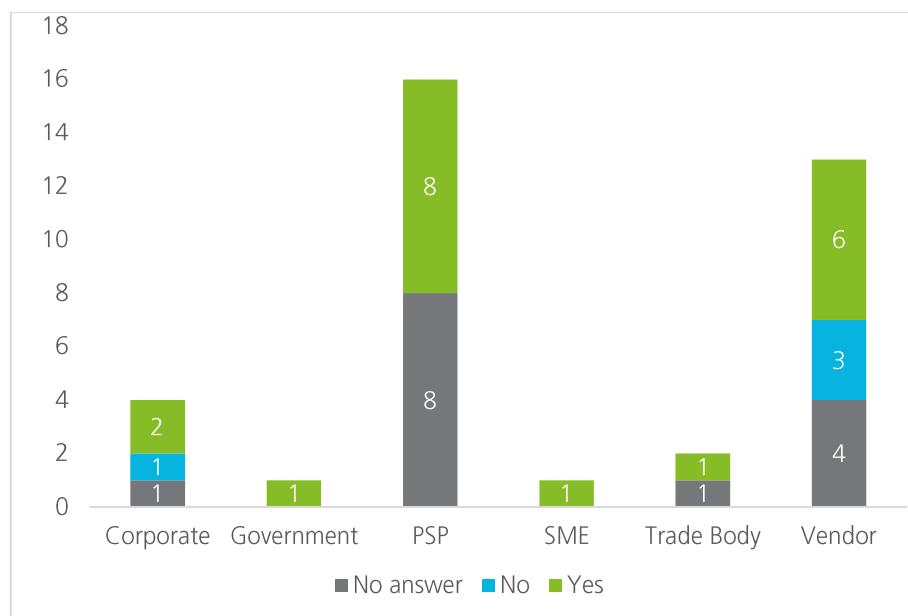
Figure 20: Agreement with the establishment of the recommended framework

2.7.4   Themes and Treatment Plans – Trusted KYC Data Sharing

The significant majority of respondents agreed with the approach to the solution implementation and scope. In some cases, respondents did highlight areas where additional details and consideration may be beneficial, including:

Themes	Responses
1. Liability models for reliance when decisions are made based on sharing incorrect or unverified data, particularly under a commercial agreement.	In response to the comments made by respondents, the following will be actioned:
2. Respondents saw the potential benefit that could be gained from expanding the market focus beyond SME KYC.	• The recognition of the potential of the solution beyond the SME segment is a very positive response. The position remains that the solution should initially be developed for the segment where we believe the greatest need and detriments are not currently being addressed by the market. Future development may expand the solution focus once it has been proved with SMEs. • Further analysis of the liability model will be developed to cover the scope of the standards covering data sharing and exchanging.
3. Expansion of governance body responsibilities to include customer education, production of industry guidance, and complaints handling, as well as ensuring the solution remains accessible to new entrants commercially. 4. The ongoing importance of the temporary testing environment to promote competition and innovation.	• The solution documentation will be enhanced to include an expanded set of governance body responsibilities; customer education, oversight of industry guidance, complaints handling and review procedures, as well as monitoring of the commercial environment amongst solution participants.
5. GDPR and other legal considerations, where solution standards will need to align with upcoming legislation to ensure customer data is shared and processed correctly.	• The recommendation is that a set of criteria should be developed to assess the ongoing need and future demand of the test environment and periodically reviewed to determine if the environment should remain available for new entrants to participate. As per the solution design, the data sharing standards must take into account both existing and known upcoming legislation, with a mechanism to adapt as necessary in future. In advance of the standards development a detailed assessment of the impact of GDPR should be made to determine the impact of their definition.

We have published the following documents for the **Trusted KYC Data Sharing** solution:

- Standards Scope and Governance Oversight
- Framework Implementation

Appendices

Respondents to the Consultation

We are grateful to the parties below for their time and input to the consultation process:

1. Accenture
2. Answer Digital
3. Association of Independent Risk & Fraud Advisors (AIRFA)
4. Bacs
5. Barclays
6. Bluechain Payments
7. Bottomline Technologies
8. British Retail Consortium
9. Capita Asset Services - Shareholder Solutions
10. CBI
11. CBI & BT
12. Cenerva
13. Citizens Advice
14. Clydesdale Bank PLC
15. Cognizant Technology Solutions
16. CORVID PayGate Ltd
17. Dept For Work and Pensions
18. Dovetail
19. Driver & Vehicle Licensing Agency (DVLA)
20. DST Systems
21. Eazipay Ltd
22. equensWorldline
23. Experian Limited
24. Fair Isaac Inc (FICO)
25. Finance and Leasing Housing
26. Financial Services Consumer Panel
27. Finastra
28. FIS
29. FSB
30. Government Banking
31. HMRC
32. HSBC
33. Icon Solutions (UK)
34. J.P.Morgan
35. Kalypton
36. LBG
37. Metro Bank
38. My Zone
39. National Trading Standards Scams Team
40. Nationwide
41. NS&I
42. Open Banking
43. Paypoint
44. Paysafe Group PLC
45. RBS
46. Santander
47. SETL
48. SWIFT
49. techUK
50. The Ely Fitness Company Ltd
51. Tisa
52. TransferWise
53. Transpact
54. TSB
55. UK Finance
56. Virgin Mobile Telecoms Limited
57. Virgin Money
58. Vocalink
59. Which?

A BLUEPRINT FOR THE FUTURE OF UK PAYMENTS

- *Plans to deliver an historic, next generation payment system*
- *Blueprint will future-proof the UK's payments industry, giving more choice and protection to everyone who uses payment systems*

The Payments Strategy Forum[1] (the Forum) has today published its Blueprint for the future of UK payments.

The plans signal the start of the most radical changes to be made to the UK's payments systems since the 1960s and will give people give people greater control over how they manage their day-to-day finances and help stamp out financial crime.

For the first time, the UK's payments industry and its customers have collaborated to design a New Payments Architecture (NPA) that will unlock competition, increase adaptability and drive innovation, as well as delivering initiatives to address the impacts of financial crime.

For consumers, businesses and government alike, greater competition and innovation means increased choice when it comes to their banking needs. Initiatives, such as Request to Pay (a service to enable people to have greater control over the payments they make), and Confirmation of Payee (designed to prevent criminals from fraudulently taking money from bank accounts), will provide additional levels of security and control to consumers when making a payment. The design of the NPA aligns with Open Banking and the second Payment Services Directive 2017.

The final blueprint is built on the back of two public consultations, following the publication of the Forum's initial strategy in November 2016 and its Blueprint in July 2017. On top of new services to be offered, it recognises that users continue to support existing products, including Direct Debit and Faster Payments.

Ruth Evans, Chair of the Payments Strategy Forum said:
'This is an historic opportunity to deliver a next generation payment system. For the first time we have placed the voice of the user front and centre. In addition to the services they receive today, consumers and businesses continue to tell us they need greater control over their finances, increased confidence when making a payment and the ability to send and receive more information.

'To meet these and future needs, the Blueprint defines a new, layered architecture for payments in the UK. The architecture will be underpinned by a single set of standards and rules, strong central governance and common international messaging standards. Stability and resilience are key design principles.

'We are proud of this achievement and its potential to foster significant new competition and innovation in the UK economy. The industry cannot stand still. It is now the task of the New Payment System Operator and UK Finance to deliver this Blueprint to meet the current and future needs of all users. We wish them success in translating our vision into reality.'

Hannah Nixon, Managing Director, Payment Systems Regulator, added:
'I'd like to thank Ruth for her successful leadership of the Forum, which represents the first time those who have an interest in payments in the UK have worked together to plan for a future that meets the needs of all users.

'We tasked the Forum to challenge the status quo, to push boundaries and come up with an innovative and forward-thinking set of proposals for the future of UK payments. The outcome is an ambitious programme of change that will set the UK to achieving a generational change that benefits everyone who uses payment systems.

'Whilst the Forum in its current form will now hand over to the NPSO and UK Finance to deliver the work, this has been an excellent example of how significant change can be effected through collaborative innovation.'

Today's final report signals the successful conclusion of the Forum's work and the handover to the New Payment Systems Operator and UK Finance who will now deliver the initiatives.

ENDS

Notes to editors

1. The Payments Strategy Forum (the Forum) was announced by the Payment Systems Regulator (PSR) in its Policy Statement published in March 2015. The Forum leads on a process to identify, prioritise and help to deliver initiatives where it is necessary for the payments industry to work together to promote collaborative innovation. The central focus of the Forum is to make payment systems work better for those that use them. Currently, the Forum consists of a chair, who is independent from industry, and 22 members. The Forum's membership includes user representatives and payment service providers. They were appointed jointly by the PSR and the Forum chair following a public nomination process during the summer of 2015. The Bank of England (BoE), the Prudential Regulatory Authority (PRA), the Financial Conduct Authority (FCA) and the PSR are observers on the Forum. The PSR provides the secretariat to the Forum.

2. The PSR's statutory objectives are:

   - to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them
   - to promote effective competition in the markets for payment systems and services - between operators, PSPs and infrastructure providers
   - to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems
   -

   - The Payment Systems Regulator - The PSR is the regulator and concurrent competition authority for payment systems in the UK and all participants in those payment systems (payment service providers, operators and infrastructure providers to those payment systems).
   - The New Payment System Operator - Incorporated on 18th July 2017, NPSO Limited is the holding name for the new payment system operator created to consolidate Bacs Payment Schemes Limited (Bacs), Faster Payments Scheme Limited (FPSL), and the Image Clearing System (ICS), which will replace the paper processing system for cheques currently managed by the Cheque & Credit Clearing Company (C&CCC).

- UK Finance - UK Finance represents nearly 300 of the leading firms providing finance, banking, markets and payments-related services in or from the UK.

Media enquiries:
- Louis Myers – Payments Strategy Forum Press Office
  Louis.myers@psr.org.uk
  020 7066 5874
  07833 435734

PRESS RELEASE

11 December 2017

Responsibility to take forward New Payments Architecture Blueprint moves to NPSO

The blueprint for the future development of the UK's shared payment infrastructure was today (11 December 2017) passed to the New Payment System Operator (NPSO), the company that will become the new, single, integrated retail payment system operator for the UK.

The New Payments Architecture (NPA) is a completely new conceptual model for the end to end retail payment delivery carried out by the UK's payment schemes and market participants. It will be the biggest change to the way payments are processed in the UK since the 1960s, ensuring payments are safe whilst also encouraging competitive innovation and unlocking new business opportunities in everything from smarter uses of banking and payment data, through to new transactional services.

The NPSO has taken on responsibility for the NPA Blueprint in line with its objectives to simplify access and drive competition for payments in the UK. The NPA Blueprint was set out today as the culmination of two years' work and consultation by the Payment Strategy Forum, the body set up by the Payment Systems Regulator (PSR) to bring the payments industry and users together.

Paul Horlock, CEO of the New Payment System Operator, said:

> *"We are grateful for the excellent work that has been undertaken so far and all of the people who took the time to respond to the PSF's consultation on the strategy for payments in the 21st Century. We are excited to have the opportunity to now evaluate and enhance the work done as we transition from consultation to implementation.*

> *"The NPA Blueprint will drive accessibility, competition and innovation through developments such as a common message standard to support interoperability. We will also be looking to capitalise on the opportunities and challenges presented through PSD2, RTGS, GDPR and Open Banking, to help shape the building blocks for the New Payments Architecture."*

The NPSO is now in the process of assessing the Blueprint to define the technical requirements for the NPA, determine whether further investigatory work is needed for specific elements and validate the best approach to move forwards with delivery.

Paul Horlock continues:

"The New Payments Architecture will build on the recent launch of the Image Clearing System for cheques, the re-procurement of new central infrastructure for Faster Payments and the work happening in Bacs to gather the requirements needed for their products as part of the new architecture.

"The NPA Blueprint will play a crucial part in the development of NPSO and we look forward to engaging with our new independent end-user and payment service participant Advisory Councils, as the work develops in 2018. These new councils will ensure the needs of consumers, business and other payment users are formally placed alongside those of industry at the heart of developments in the UK's payment services."

The NPSO will lead the delivery of the integrated programme alongside the thought leadership and communications needed to make the blueprint a reality.

The NPA blueprint, consultation and supporting papers are available to view on the Payments Strategy Forum website: https://implementation.paymentsforum.uk/news

ENDS

For further information please contact press@newpso.uk or 020 3217 8309.

Notes to editors

About the Payments Strategy Forum
The Payments Strategy Forum (the Forum) was announced by the Payment Systems Regulator (PSR) in its Policy Statement published in March 2015. The Forum leads on a process to identify, prioritise and help to deliver initiatives where it is necessary for the payments industry to work together to promote collaborative innovation. The central focus of the Forum is to make payment systems work better for those that use them. Currently, the Forum consists of a chair, who is independent from industry, and 22 members. The Forum's membership includes user representatives and payment service providers. They were appointed jointly by the PSR and the Forum chair following a public nomination process during the summer of 2015. The Bank of England (BoE), the Prudential Regulatory Authority (PRA), the Financial Conduct Authority (FCA) and the PSR are observers on the Forum. The PSR provides the secretariat to the Forum.

About the New Payment System Operator
NPSO Limited is the holding name for the company that has been set up to consolidate Bacs Payment Schemes Limited (Bacs), Faster Payments Scheme Limited (FPSL), and the Image Clearing System (ICS), which will replace the paper processing system for cheques currently managed by the Cheque & Credit Clearing Company (C&CCC). These retail payment systems, which process over £6.4 trillion pounds of payments every year between them, will be joined by UK Payments Administration (UKPA), which provides the people, facilities and expertise to support the systems behind the payment system operators.

Bringing all of these retail payment services together will reduce complexity and risk, providing a platform for innovation. The company will support a vibrant UK economy by enabling a globally competitive payments industry in the UK.

The consolidation is an important part of the strategy for payments in the UK and will allow greater independence, a more dynamic, competitive and innovative business environment and benefit all users of payments including consumers, businesses, the third sector, government, and payment service providers.

The proposal for the new payment system operator was created by the Payment System Operator Delivery Group, an independently chaired body set up by the Payment Systems Regulator (PSR) and the Bank of England. NPSO Limited was incorporated on 18 July 2017 as a company limited by guarantee.

The Payment System Operator Delivery Group report, which sets out the recommended delivery plan for the consolidation was published on 4 May 2017: https://www.psr.org.uk/psr-focus/payment-system-operator-delivery-group. The consolidation was approved by the CMA on 19 July: https://www.gov.uk/cma-cases/bacs-payment-schemes-faster-payments-scheme-cheque-credit-clearing-company-merger-inquiry/
www.newpso.uk

Blueprint of the Future of UK Payments

Attendees List

Organisation	Name	
Abaci Payments	Ian	Brown
Accenture	Sean	Rudd
Accenture	Jeremy	Light
Accept Cards	Jasmine	Gilbert
Accesspay	James	Higgins
Accesspay	Danny	Doyle
Accuity	Neela	Das
Accuity	David	Wilson
ACI Worldwide	David	Godfrey
ACI Worldwide	Barry	Kislingbury
American Express	Matt	Ross
AFME	Cokie	Hasiotis
Airfa	Bill	Trueman
Andy Coombes Consulting Ltd	Andrew	Coombes
Answer Digital	Imran	Ali
Atom Bank	Tom	Renwick
Atom Bank	Roger	Mackintosh
Atos	Ed	O'Callaghan
AUKPI	Dominic	Thorncroft
Axis Bank	Sidharth	Mishra
Bacs	Michael	Chambers
Bank of America Merrill Lynch	Sean	Xiao
Bank of America Merrill Lynch	Paul	Benfield
Bank of England	Joanna	Bibby-Scullion
Bank of England	Samantha	Leighton
Bank of England	Diliana	Robertson
Bank of Ireland	Siobhan	McGrath
Bank of Ireland	Daniel	Ehreich
Barclays	Simon	Chatterton
Barclays	Ric	Cohen
Baringa Partners	Ilkka	Ristimaki
Baringa Partners	Ryan	Balmaceda
BCS Consulting	Abdulla	Mashaal
Bhuma IT Consultancy	Rajeeva	Tiwari
Bluechain	Sonny	Sood

Blue Yonder	William	Linsdell
Bottomline	Richard	Ransom
British Retail Consortium	Andrew	Cregan
British Gas	Matt	Edwards
BT Global Banking & Financial Markets	Jon	Vyse
Cabinet Office	David	Rennie
Cabinet Office	Livia	Ralph
Capita	Kieran	Skinner
Capita	Alex	Harris
Capita	Bart	Leonard
CBI	Christopher	Hulm
CEPA	Richard	Gleed
CGI	Vicky	Matsika
CGI	Chantal	Constable
Charteris	Nick	Masterson-Jones
Charteris	Peter	Seymour
Cheque and Credit Clearing Company	James	Radford
Cheque and Credit Clearing Company	Stuart	Cole
Citibank	Sophia	Bantanidis
City of London Police	Matthew	Bradford
CMS Payments Intelligence	Brendan	Doyle
Cognizant	Sreeram	Yegappan
Cognizant	Alan	Gregory
Cognizant	Ashish	Bhatnagar
Compliance Finance	Munish	Trehan
Compuserve	Alan	Bradshaw
Compuserve	John	Doyle
Consult Hyperion	Dave	Birch
Corvid Paygate	Chris	Turnbull
Clydesdale Bank	Mark	Curran
Dentons	Ian	Benson
Direct Line	Trevor	Glover
Dovetail Systems	John	Yates
Dovetail Systems	David	Chance
DP Connect	Cherry	Swayne
DST Financial Services	Colin	Watts
DQ Associates	Colin	Digby
DVLA	Kathy	Merchant
DVLA	Natalie	Morgan
Easyjet	Chris	Elliott
Eazipay	Luisa	Grey
EBA Clearing	Alan	Taylor

Ely Fitness Company	Matt	Bradney
Emerging Payments Association	Keri	Farrell
Equens Worldline	Dave	Allen
Eurobase International	Matt	Townsend
Evolution Payments Consulting	Brendan	Jones
Experian	Darryl	Warner
Experian	Elaine	Shipton
Fastencash	Harshan	Kollara
Faster Payments Scheme Limited	Patrick	Berrera
Faster Payments Scheme Limited	Craig	Tillotson
FCA	Noor	Muhdi
FCA	Nilixa	Devlukia
Fiserv	Veselina	Kostadinova
Finarchy	Simon	Bailey
Finastra	Olivier	Goube
Finastra	Anders	Olofsson
Payments Fintech	Simon	Burrows
Finance & Leasing Association	James	Marquette
Foreign Banks Association	Nigel	Brigden
Federation of Small Businesses	Lorence	Nye
Federation of Small Businesses	Michael	Agate
Financial Crime Working Group	Lana	Abdullayeva
FSCom	Evan	McGookin
FSCom	Alison	Donnelly
FTI Consulting	Katarina	Punovuori
Galafres Ltd	Jonathan	Hughes
GG Markets	Tom	MacDonald
Global Pay	Nimisha	Naik
University of Greeenwich	Georgios	Samakovitis
Hermosa Consulting	Richard	Sanders
Hermosa Consulting	Richard	Sanders
HM Treasury	Bandhu	Das
HM Treasury	Georgie	Williams
HMRC	Jo	Oxley
HMRC	Anita	Jeffery
Hogan Lovells	Roger	Tym
HSBC	Glyn	Warren
Herbert Smith Freehills	Carolynne	Dankos
Hunstwood	Steven	Bisoffi
Huntswood	Andrew	Ducker
IBM	Eddie	Keal
IBM	Bharat	Bhushan

Icon Solutions		Richard	Dear
Icon solutions		Nihar	Bapna
Identrust		Dee	Rose
IFDS Group		Colin	Watts
Independent		Michael	Rogers
Independent		Nataraj	Donthula
Invapay		John	Vasili
Investec		Devin	McHugh
Investec		Matthew	Barrett
Iris Software		Phillip	Cowley
Iris Software		Tolu	Ajimoko
JP Morgan		Sameer	Kurani
JP Morgan		Erik	Alstromer
K Smith Consulting		Kevin	Smith
Kalypton		Alun	Thomas
KPMG		James	Prescott
KPMG		Jurgen	Wagner
LINK		John	Howells
Lipis Advisors		Leif Erik	Kleivene
Lipis Advisors		Leo	Lepis
Lloyds Banking Group		Graeme	Donald
Lloyds Banking Group		nicola	levy
LSE		Kanchana	Ambagahawita
Lyddon Consulting		Bob	Lyddon
Marks and Spencers		Emma	Holmes
Mastercard		Marina	Cozzi
Mastercard		Marcia	Clay
Mckinsey		Liz	Oakes
Metrobank		Andrew	McLaughlin
Microgen		Aarron	Shaughnessy
Modular Finance		Myles	Stephenson
Money and Mental Health		Katie	Evans
My Pin Pad		David	Poole
Nationwide		Ruth	Bookham
Nationwide		Tim	Pigott
NCR		Andy	Brown
NPSO		Simon	Hanson
Nomura		Nicholas	Laidlow
NS&I		Sidna	Vaz
NS&I		John	Rigby
NS&I		Richard	Daniel
NTRS		Tom	Xavier

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Oliver Wyman	Kunal	Jhanji
OmniPayments LLC	Craig	Lawrance
One4all Group	Alan	Smith
Open Banking	Joss	Wilbraham
Orcapay	Andrew	Veitch
Payment System Consultancy	Phil	Kenworthy
Payments Strategy Forum (Cabinet Office)	Brendan	Peilow
Payments Strategy Forum (LBG)	Russell	Saunders
Payments Strategy Forum (Independent)	Mike	Smith
Payments Strategy Forum (Metro Bank)	Becky	Clements
Payments Strategy Forum (Orwell Group)	Carlos	Sanchez
Payments Strategy Forum (Tesco)	Tony	Shaw
Payments UK	Mark	Duckworth
Payments UK	Tim	Yudin
PayM	Richard	Mabbott
Paypoint	Tim	Watkin-Rees
Paysafe	Hartwig	Gerhartinger
Peter Davey and Associates Limited	Peter	Davey
Pilatus Bank	Steve	Nanfan
Pinsent Masons	Henry	Burkitt
Pinsent Masons	Tony	Anderson
Prepay Solutions	Aoife	Hurley
PSR	Dora	Guzeleva
PSR	Paul	Smith
PSR	Sam	Cope
PSR	Robert	Sullivan
PSR	Kathryn	Hardy
Rise Fintech Ltd	Mayank	Sehgal
RBSG	Caitriona	Whelan
RBSG	Andy	Hamilton
Santander	Robert	White
Sentenial	Brian	Hanrahan
Sentenial	Brian	Greener
SETL	Tim	Moncrief
Stormin' Consulting Services	Norman	Taylor
Swift	Claudia	Cassinari
Syntec	Richard	Robinson
Tech UK	Ruth	Milligan
Tech UK	Melanie	Worthy
Technology Strategy	Andrew	Churchill
Tesco Bank	David	McRoberts
Thomson Reuters	Malcolm	Wright

Tisa UK		Peter	Smith
Tisa UK		Carol	Knight
Token		Chris	Aruliah
Token		Simon	Wilson
Transpact		Andrew	Kaye
TSB		John	Lyons
TSB		Andrew	Strong
TSYS		David	Robson
Turkish Bank		Steven	Betteridge
Turkish Bank		Resat	Bilgin
UK Finance		Helen	Doyle
UK Finance		Katy	Worobec
UK Payments		Neil	Aitken
Valitor		Reynir	Egilsson
Vanquis Bank		Paul	Rodford
Vendorcom		Amanda	Rodgers
Virgin Media		David	Cox
Virgin Media		James	Marshall
Virgin Money		Alan	Duff
Virgin Money		Nick	Middleton
VISA		Emily	Rayment
VocaLink		Gregor	Dobbie
VocaLink		Simon	Newstead
Volantech		Allan	Spalding
Worldpay		Jana	Mackintosh
Which?		Mark	Falcon