

GD 2 & 4 Compliance Report – 2017 / 2018 Pay.UK

Purpose

This template comprises a set of forms and associated guidance to assist the operators of regulated payment systems in completing the compliance reports that are required by the PSR General Directions on Access and Governance. The table below summarise which of General Directions 2 and 4 is applicable to each operator:

Operator	GD2	GD3	GD4
Pay.UK (Bacs)	✓		✓
Pay.UK (C&C)	✓		✓
Pay.UK (FPS)	✓		✓
LINK		✓	✓
MASTERCARD		✓	
VISA		✓	

Operators must comply with our directions and also report annually on how they're achieving compliance. In doing this, it will be important to reflect on the principles-based nature of the obligations that are in place.

This key evidence will show how you have responded to these rules over the 12-month period from 1 October 2017 to 30 September 2018.

Confidential information

We recognise you deal with confidential information, some of which is relevant to the reporting arrangements. This information can be provided in one of the confidential annexes which are set out as part of this template. Information not contained within the annexes will not be treated as confidential and may be published in the course of our reporting on operators' compliance with these general directions.

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Supporting documents

In completing the forms in this template you should reference documents to evidence your descriptions (i.e. Web links to public documents; sections where relevant). If any supporting documents are confidential they should be provided to us separately and marked up as confidential.

Contacting us

We hope the forms are clear, but if you have any questions please feel free to contact Nick Davey 020 7066 1508 or nick.davey@psr.org.uk.

Form A - General Direction 2

Please complete the form below. The **main headings** relate to the reporting requirements of general direction 2 (2.4, a-f). The sub-headings provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

GD2.1 Self-assessment by the operator on compliance of its access requirements with the obligation in Direction 2.1 throughout <u>2017/18</u> .	
<p>GD2.1.1 Please state whether you have or have not complied with General Direction 2 to have objective, risk-based and publicly disclosed access requirements which permit fair and open access. Please include a summary relevant to your response.</p>	<p>Pay.UK (previously the New Payment System Operator) is the body responsible for the retail payment systems previously operated by Bacs Payment Schemes Limited (BPSL/Bacs), Faster Payments Scheme Limited (FPSL), and the Cheque & Credit Clearing Company (C&CCC).</p> <p>BPSL, C&CCC and FPSL are now wholly owned subsidiaries of Pay.UK. Now that BPSL, C&CCC and FPSL are part of Pay.UK, we have submitted a consolidated report for this year's reporting period covering the Bacs, FPS and cheques payment systems. Any confidential items are highlighted in yellow.</p> <p>Pay.UK considers that it is compliance with General Direction 2.1 which requires us to have "...objective, risk-based and publicly disclosed access requirements which permit fair and open access..." and the activities and changes that have been reported within this report demonstrates our compliance.</p>
<p>GD2.1.2 Please highlight any changes to your access requirements over 2017/18 (that are now complete). Where changes have been made, please explain the impact on GD2.</p>	<p>1. Bacs Payment Services Website (PSW Solution)</p> <p>In May 2017, Bacs launched a generic cost-effective technical solution for smaller institutions with low annual transaction volumes. Payment System Providers (PSPs) are able to collect their output via the Payment Services Website which can be accessed over the public internet at a lower cost than would otherwise be required to use the Enhanced Transmission Service (ETS) and SwiftNet Transmission Service (STS). The PSW solution offers PSPs reduced costs and shorter onboarding timeframes. Three new participants have joined Bacs using this solution in H1 2018, [REDACTED]</p>

	<p>2. Bacs Non-Bank Payment System Providers (Non-bank PSPs) – “Own Funds” Model In this reporting period Bacs has continued to work with non-Bank PSPs, and continued to review its legal documentation to ensure all the required changes are in place for Non-Bank PSPs using their own funds to onboard. In May 2018 Bacs successfully onboarded the first Non-Bank PSP using its own funds. Additional information can be found on the Bacs website¹.</p> <p>3. Bacs Onboarding In 2016-17, Bacs devised a formal onboarding Process. This was created based on the knowledge and approaches used during the successful onboarding of three new Direct Settling Participants to Bacs. In 2016, prospective Participants were provided with a “Bacs Onboarding Process Document” (under a non-disclosure agreement), which was assessed as Participants were onboarded. This resulted in a number of improvements to the process document for the benefit of future prospective participants. The final version of this document was baselined in March 2018 and has been made available under Non-Disclosure Agreement (NDA) to participants during the onboarding process. A copy can be made available to the PSR if requested.</p> <p>4. Cheques Onboarding At the end of July 2018, one new participant onboarded to the Image Clearing System (ICS). As a result of running the onboarding process, we held an internal “lessons learned” workshop. The key outputs from the workshop were to enhance the website for prospective joiners, to revisit the onboarding brochure and to conduct an internal review of the onboarding process which has resulted in an update to the internal documentation and processes.</p> <p>5. Cheques Euro Clearing In the 2016/17 compliance report C&CCC reported that the Euro Clearing process would become a bilateral process and that it would no longer be the settlement service provider. C&CCC were able to complete that process during this reporting period. On 8 October 2018, the C&CCC decommissioned the Euro from Settlement Reconciliation Application (SRA) (central paper clearing system). The bilateral process agreed with Participants during the 2016/17 reporting has now also taken effect.</p>
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¹ <https://www.bacs.co.uk/NewsCentre/PressReleases/Pages/IpagooFirstNonBankPaymentServiceProviderToJoinBacs.aspx>

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	<p>6. FPS Non-Bank Payment System Providers (Non-Bank PSPs) - "Own Funds" Model As reported in the 2016/17 compliance report, FPSL was working on Non-Bank PSPs access models. In 2017, FPSL sought external counsel's advice with regards to the different models that could be offered to Non-Bank PSPs, As a result of that exercise, it was identified that two different contractual arrangements were required for Non-Bank PSPs, dependent on whether they were using <i>their own funds</i> or <i>clients funds</i> for settlement and collateralisation. In April 2018, FPSL successfully on-boarded two non-bank PSPs using their <i>own funds</i>.</p> <p>7. FPS Directly Connected Non-Settling Participant (DCNSP)² This participation method requires the Directly Connected Non-Settling Participants (DCNSP) to enter into a Participation Agreement with us and to partner with a Directly Connected Settling (DCS) Participant. This method enables different types of Participants to directly connect into the Faster Payments system and provide services to a wide range of different end users while opening up access to greater number of organisations. In March 2018, the first DCNSP successfully joined FPS [REDACTED].</p>
GD2.1.3 Where applicable, please highlight how you have addressed the focus areas that we had identified in the 2018 Access and Governance report.	The PSR's 2018 Access and Governance report did not identify specific focus areas for Pay.UK or the preceding operators to address. Instead, the PSR requested the operators to continue to deliver previous work streams on non-bank PSP access, to continue to develop their models to lower complexity and cost of direct participation, and to continue to remove barriers to direct and indirect access ³ . The ongoing work and changes that have occurred during this reporting period are described under 2.1.2.

² [REDACTED]

³ <https://www.psr.org.uk/sites/default/files/media/PDF/Access-and-governance-report-March-2018.pdf> page 6

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GD2.2 Details of all occasions in the 2017/18 period when an expression of interest in potentially securing direct access or direct technical access has been made and details of the operator's response to, and outcome of, such expression of interest.

GD2.2.1 Information for publication on new members and demand for access.

The data provided below should be correct as at 30 September 2018.

Bacs Payment Services

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 10	➤ 4	➤ 4	➤ 24

Cheque and Credit

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 8	➤ 2	➤ 1	➤ 18

Faster Payment Service

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 24	➤ 12	➤ 6	➤ 26 (Including 2 ring-fenced banks)

GD2.2.2 Confidential information on demand for access.

Please refer to Confidential Annex 1 issued separately.

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<p>GD2.3 Details of all occasions in the <u>2017/18</u> period when an enquiry or objection regarding potential changes to the <i>access requirements</i> has been made to the <i>operator</i> and details of the <i>operator's</i> response to, and outcome of, such enquiry or objection.</p>	
<p>GD2.3.1 Please detail the number of enquires made to change your access requirements including a summary of the processes followed to deal with those enquiries.</p>	<p>We did not receive any direct feedback in relation to changing the access requirements during the reporting period. However, as a result of the Non-bank PSPs <i>client fund</i> work stream which has been detailed below, in section 2.5.1, we have indirectly received positive support.</p>
<p>GD2.3.2 Please detail the number of objections made to any proposed changes to your access requirements including a summary of the process followed to deal with those enquiries.</p>	<p>For this reporting period we have not received any objections to any proposed changes to our access requirements.</p>
<p>GD2.3.3 Confidential information on enquiries and objections.</p>	<p>Not applicable for this reporting period.</p>
<p>GD2.4 Details of all occasions in the <u>2017/18</u> period when the operator has engaged with, and considered, the views of payment service providers and other interested parties on the operation and effectiveness of its access requirements.</p>	
<p>GD2.4.1 Confidential information on views express relating to the operation and effectiveness of the access requirements.</p>	<p>Not applicable for this reporting period.</p>

GD2.5 Details of any anticipated *operator* review, or engagement with *payment service providers* and other interested parties, that the *operator* plans to take over the following 12-month period in relation to its *access requirements*.

GD2.5.1 If you have work **on-going** reviewing your access requirements please include a description of that work, the progress that has been made so far, and the expected completion date.

1. Bacs Non-Bank PSP – “Clients Funds” Model

Bacs has been working with external legal counsel to ensure that the legal construct for the Non-Bank PSP “Clients Funds” model is viable. Pay.UK anticipates that this model will be finalised by the end of March 2019.

2. Bacs Accredited Aggregator

BPSL launched its aggregator model in December 2016. Since the launch we have experienced a lack of demand from users of Bacs services and new potential users who may become potential aggregators. This has been the case throughout the last reporting period. This lack of demand may be as a result of the availability of alternative access options and potentially also because the new formal onboarding process simplifies direct access. In consultation with the PSR, we have agreed to ensure that the Bacs Aggregator proposition continued to be available, for use, during the 2017/18 reporting period. At the end of 2018 Pay.UK will review the lack of demand. Following this review Pay.UK will explore options to further evaluate the service, in line with NPA developments.

3. Bacs Website

Bacs has continued to review the onboarding-related information that is available to prospective participants via the Bacs website. The main objective is to maximise the information available to prospective participants who want to understand more about the procedures required for onboarding. This should ensure that the level of information freely available on the Bacs website reduces the requirement for the use of NDAs by making the process more transparent to PSPs.

4. FPS Non-Bank PSP access using relevant funds (their clients funds)

The FPSL 2016/17 compliance report highlighted work on a fair model that keeps access opened to authorised payment institutions and electronic money payment service providers (Non-Bank PSPs). This model enables Non-bank PSPs to make applications for participation in FPS as Directly Connected Settling Participants, however, instead of using their *own funds* they would be using *clients funds*.

[Redacted text]

[Redacted]

Implementation for the *client funds* model is currently planned for February 2019. [Redacted]

[Redacted]

5. Image Clearing System (ICS)

ICS went live on 30 October 2017, and C&CCC reviewed the ICS Manual which contains the payment system rules, and access requirements following a year of live operation and one onboarding. The access requirements have been updated to clarify that whilst an onboarding fee does not apply, additional costs incurred by Pay.UK during the onboarding and implementation process, such as testing support, will be passed on, at cost, to the onboarder. [Redacted]

[Redacted] The ICS Manual will be reviewed on an annual basis and the onboarding process will be reviewed after each onboarding.

6. Pay.UK Scheme Transaction Limits (FPS) (Confidential Item)

During the reporting period of 2016/17, FPSL conducted a successful live proving exercise which tested the ability for all existing Participants to receive significantly higher value payment than that of £250,000⁴. Currently smaller Participants requiring transactions that are above £250,000 have to join two payment systems. Increasing the FPS transaction limit could offer Participants with the option of joining a single payment system and reducing the need for them incur additional fees.

[Redacted]

⁴ <http://www.fasterpayments.org.uk/community/successful-testing-high-value-faster-payments>

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GD2.5.2 If you are **planning** to review your access requirements in the next 12 months please include a description of the planned work.

Pay.UK is working towards a new Target Operating Model (TOM 2.0), which includes moving to a capability-based structure, breaking down silos and embedding one culture. As mentioned in our Open Letter to Hannah Nixon⁵ this will be an iterative and ongoing process which will build future innovation on a platform of robustness and resilience.

During 2019, the TOM 2.0 structure will help drive more symmetry and alignment between the three different payment systems access requirements. Whilst some distinct features will remain we expect this will further support the agenda of fair and open access.

[REDACTED]

We are looking at steps to improve the accuracy and accessibility of information related to access to the payment systems we operate. This will include a combination of short term updates to existing information to ensure it continues to be clear and accurate, starting with changes to the Access to Payments website. We expect to complete these changes by the end of 2018. During 2019 we will take a more holistic view regarding the information available and how it is accessed as part of our overall Pay.UK website development plans. We will engage with key stakeholders as both of these activities progress so we are clear on their requirements.

In the longer term we expect that the New Payments Architecture (NPA) will deliver common access processes. The NPA will go beyond the current service provisions to enable simpler access, ongoing stability and resilience which should promote greater innovation, competition, increased adaptability and better security.

⁵ <https://www.psr.org.uk/psr-publications/news-announcements/NPSO-reply-to-PSR-open-letter>

GD2.6 Details of any anticipated future developments that the *operator* considers may require or justify material updates or changes to its *access requirements*.

GD2.6.1 Please provide an explanation of any anticipated future external developments you have identified that will impact on your access requirements.

[Redacted content]

Form C - General Direction 4

Please complete the form below, ensuring that you respond to each section of the paper. The **main headings** relate to the reporting requirements of general direction 4 (4.2, a-c). The sub-headings provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

GD4.1 self-assessment by the *operator* on compliance with the obligation to represent the interests of service-users in the operators governing body's decision, contained in General Direction 4, over 2017/18

GD4.1.1 Please state whether you have or have not complied with General Direction 4 to ensure that there is appropriate representation of the interests of service-users in your governing body's decision-making processes. Please include a summary relevant to your response.

Pay.UK considers it is compliant with General Direction 4. Although this report covers the period October 2017 to September 2018, we have not included activities from that period already included in the 2018 Access and Governance Report to avoid repetition, as we consider they have already been taken into account by the PSR.

Engagement with service-users underpins everything Pay.UK does as an organisation, from day-to-day operations to driving innovation. Service-users' needs and representing their interests serve as our guide to ensure that we continue to deliver a safe and secure service as well as develop innovative products and services for our service-users. The ongoing activities described in this report continue to ensure that Pay.UK complies with the requirements and obligations set out in the PSR General Direction 4. **Any confidential items are highlighted in yellow.**

In summary, Pay.UK has supported the engagement work of BPSL, C&CCC and FPSL highlighted in the 2018 PSR Access and Governance report and has also established:

- An independent and representative governance structure
- Open, transparent and evidence-based processes to help define the proposition and standards for the Confirmation of Payee and Request to Pay developments
- A New Payments Architecture (NPA) engagement structure that is open to interested stakeholders, through the introduction of the NPA Advisory Groups and the consolidated procurement process
- The communication channels necessary to keep stakeholders engaged and informed.

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GD4.1.2 Please highlight any changes to the manner in which you have engaged with service-users in order to ensure there is appropriate representation within decision making processes. Please include any changes to Governance arrangements.

Pay. UK Governance

As set out in response to the PSR's Open Letter⁶, Pay.UK version 1.0 of our Target Operating Model and governance framework became operational from May 2018. This framework aims to ensure service-users are appropriately represented in our decision-making processes. We provide more detail below.

1. The Board

As set out on the Payment System Operator Delivery Group report⁷ we have established an independent Board⁸, which includes seven independent non-executive directors, some of whom ensure that the interests and perspectives of service-users are taken into account.

2. Pay.UK Guarantors

As a company limited by guarantee, Pay.UK has Guarantors rather than shareholders. As of 26 October 2018 we have on-boarded 29 Guarantors. A non-confidential list is attached. Our Guarantors Policy and application process can be found on our website at <https://www.wearepay.uk/who-we-are/guarantors/>.

3. Advisory Councils

We have established representative End User and Participant Advisory Councils to advise and provide constructive challenge to our Board. The End User Council met for the first time in March 2018 and the Participant Council in June 2018. Further information on both Councils can be found on our website at <https://www.wearepay.uk/who-we-are/>. The Terms of Reference are available to the PSR if required.

4. Strategic Objectives

We have included our Strategic Objectives in the Terms of Reference for the Board, the Board Committees and the two Advisory Councils. This ensures our objectives are built into our governance framework and they are considered each time decisions are taken by our Board and its committees or Councils.

⁶ https://www.wearepay.uk/wp-content/uploads/2018/06/180328_npsopsrresponseletter.pdf

⁷ <https://www.psr.org.uk/sites/default/files/media/PDF/PSODG-Report-2017.pdf>

⁸ <https://www.wearepay.uk/who-we-are/board/>

5. Pay.UK Participant Engagement Forum

In September 2018, we established a new Participant Engagement Forum open to all direct participants of Faster Payments, Bacs and cheque imaging. It has been established to discuss key issues and provide feedback at a senior level to be considered by the Pay.UK Executive Committee and Board. It is chaired by the Pay.UK COO. It is not a decision-making body. The Terms of Reference are being finalised but we will be able to share them with the PSR when finalised.

New Payments Architecture Programme

1. Governance

The NPA is a Board reporting programme and therefore fits into the overall Pay.UK governance framework. NPA Programme Board met for the first time on 8 March 2018 and is chaired by an independent non-executive director with a specialism in this area. The two Pay.UK Board members chairing each of the Advisory Councils also sit on the NPA Programme Board. We are happy to discuss the governance and engagement model in more detail, we set out below the key points.

2. Service-user Engagement and NPA Programme Advisory Groups

Stakeholder and service-user engagement within the NPA Programme is now underpinned by the NPA Stakeholder Governance Framework.⁹ During the reporting period, the NPA Programme engaged with service-users through both 1:1 and multi-attendee workshops.

On 12 September 2018 we announced the first set of NPA Programme Advisory Groups¹⁰, with the specific aims of improving communication with service-users, providing a vehicle for consultation and supporting delivery of the programme. We are in the process of constituting these groups and will be able to share information with the PSR by end 2018.

As the NPA Programme work develops, we expect further advisory groups to be set up in early 2019. In addition and on an ongoing basis, the NPA team will continue to engage with stakeholders via existing channels, including Pay.UK's End User and Participant Advisory Councils.

⁹ Issued to the PSR previously

¹⁰ <https://www.wearepay.uk/new-payments-architecture-programme-advisory-groups/>

3. Procurement of the NPA Core Clearing and Settlement Layer

The Pay.UK competitive procurement process will be based on the broad principles of fairness, transparency and non-discrimination. Specific details regarding the approach and timelines for the new consolidated procurement process were published in a prospectus¹¹ on 18 October 2018. We are also establishing a specific Procurement Advisory Group¹², seeking support from suitably-qualified individuals to enable service-users to provide advice and support on the procurement process with a view to helping us ensure the process is fair, transparent and non-discriminatory.

4. Confirmation of Payee (CoP)

We have worked with service-users to test and validate the CoP proposition and support the development of the necessary standards and rules. This included the establishment of a Participant Working Group, a Legal Task Force and engagement with the End User Advisory Council.

In June 2018 we invited comment on the initial Confirmation of Payee API logical specification¹³, and 15 firms provided feedback. We intend to publish the feedback by end 2018.

We also conducted independent research into the draft CoP proposition, results of which and how it influenced the final proposition are available on our website at:

<https://www.wearepay.uk/confirmation-of-payee/>.

We are also planning an event on 30 and 31 October 2018¹⁴ to enable interested vendors to present to PSPs how they could support industry with respect to a Confirmation of Payee solution.

5. Request to Pay (RtP)

We have run a number of RtP stakeholder events, details of which can be found at <https://www.requesttopay.co.uk/events>. From 6 September 2018, potential participants in Request to Pay were invited to review the draft specifications and provide feedback via a Developer Portal¹⁵. As at 26 October 2018 we have had a total of 2,786 website views and 183 registrations to access the Developer Portal. Further analytics can be made available by the PSR if required. Feedback on the draft specifications is being reviewed.

¹¹ <https://www.wearepay.uk/new-payments-architecture-programme/>

¹² https://www.wearepay.uk/wp-content/uploads/2018/09/2.-NPA-Procurement-Advisory-Group-ToR_Draft.pdf

¹³ <https://www.wearepay.uk/npsa-calls-for-industry-views-on-initial-confirmation-of-payee-api-specification/>

¹⁴ <https://www.wearepay.uk/call-for-interest-confirmation-of-payee-vendor-solutions/>

¹⁵ <https://www.wearepay.uk/request-to-pay-developer-portal-launched/>

	<p><u>Scheme specific activities</u></p> <p>1. Bacs - EPA Engagement/ CBI engagement Bacs facilitated workshops with the Emerging Payments Association (EPA) and the Confederation of British Industry (CBI) where the wider payments community had the opportunity to provide views on the New Payments Architecture as well as Bacs products such as Direct Debit and the Current Account Switch Service, as well as providing the opportunity to speak with Paul Horlock, Pay.UK CEO, regarding the development of Pay.UK.</p> <p>2. Bacs - Knowledge Centre The portal is hosted on the Bacs SharePoint. It contains a number of FAQs, training documentation, participant contact and escalation details and frequently updated best practices. During the past year, a questionnaire was circulated to users to ensure that the knowledge centre continues to provide the information required and re-confirm the Knowledge Centre is serving a useful purpose. Feedback was very positive and users are able to continue raising requests for new content to be added to the site they feel would assist their teams further. To date we have had over 250+ requests for access to the Knowledge Centre.</p> <p>3. Bacs - CASS Research Programme Bacs conducts a programme of market research to ensure it understands the needs of its service-users and can reflect those needs in its product developments. Our comprehensive research programme has enabled us to develop a much clearer understanding of the current account market, optimising operational and marketing performance and provide a robust evidence base for our decision-making processes. For example, to ensure we are using the correct messaging approaches for our audiences in our campaigns, we undertake message testing research during the creative development process to understand what resonates best with different audiences. Moreover, to measure the success of our advertising campaigns we undertake thorough advertising effectiveness research with a well-known, independent agency to measure creative, message and media effectiveness. Results are then used as lessons learned for future campaigns.</p> <p>4. Bacs - Service-User Engagement The Service-User Compliance campaign is a targeted campaign and since the campaign began Bacs has contacted in the region of 70,000 service-users, and has reduced the amount of redirections in absolute terms from campaign launch, despite an additional 3m+ switches using the CASS service in this time.</p>
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	<p>5. Bacs - Communications Engagement In addition to direct engagement with stakeholders and service-users, Bacs uses a range of channels to share information on our activities and provide updates and announcements. These channels include Facebook, Twitter and LinkedIn, and CASS was also promoted specifically to 18 – 24 year olds via Snapchat this year as part of our work under the CMA Undertakings.</p> <p>CASS media engagement remains strong with good coverage across key consumer outlets such as Moneywise, Your Money, Love Money, Moneyfacts, This is Money, along with key national and regional publications such as BBC News, Sky News, Mirror, Telegraph, Independent, Times and the Daily Mail.</p> <p>6. Faster Payments Business Initiatives FPS introduced its Business Initiatives approach to enable a more effective process to collect and document service-users' views and engagement. This work is being considered and progressed as part of Pay.UK's future Service-User Engagement Framework.</p> <p>7. FPS Bilateral Meetings with existing and potential service-users The FPS Product team has engaged with a wide range of existing and potential service-users and representative bodies. The team has spoken with 61 organisations in 2018 alone, and to every Participant on a one-to-one basis at least once. The aims of these meetings are to increase awareness of FPS including reference to the Service-User Principles¹⁶, educate service-users about current products and services and to ensure that service-users have the opportunity to share their views, feedback, ideas and concerns in regards to their payment experiences in general and specifically their experience of FPS.</p>
GD4.1.3 Please highlight any changes to how discussions and decisions are fed back to service-users.	<p>Building on the processes described in the individual Scheme 2016/2017 compliance reports, Pay.UK have implemented the following approaches to feedback discussions and decisions:</p> <ol style="list-style-type: none">1. Via the Pay.UK website: https://www.wearepay.uk/; a dedicated Request to Pay website: https://www.requesttopay.co.uk/ and dedicated social media channels (Twitter; LinkedIn and YouTube)2. As per General Direction 6 Pay.UK publishes redacted versions of our Board minutes https://www.wearepay.uk/who-we-are/board/

¹⁶ <http://www.fasterpayments.org.uk/access-to-payments/customer-proposition-principles>

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	<p>3. Pay.UK has run a number of stakeholder events, including our quarterly industry event and seven regional roundtables, to share key updates on Pay.UK’s progress. Details of which, including supporting presentations, can be found on our website at https://www.wearepay.uk/events/.</p> <p>4. From May we issued our first a newsletter¹⁷ to our stakeholders. These will be issued every 8-10 weeks and are also available on our website.</p> <p>In addition to the above Pay.UK and the individual schemes have engaged with interested service-users through a range of 1 to 1 meetings and speaking engagements.</p>
<p>GD4.1.4 Where applicable, please highlight how you have addressed the focus areas that we had identified in the 2018 Access and Governance report.</p>	<p>No specific areas of focus were highlighted in the PSR’s 2018 report. However, the PSR outlined in its Open Letter its requirements for NPSO (now Pay.UK) to ensure that we have effective and transparent stakeholder engagement. Our initial response to that Open Letter was published in April 2018¹⁸ and set out our initial thinking on how we would achieve this in 2018. Section GD 4.1.2-3 provides further detail on progress since then.</p>
<p>GD4.2 Details of all occasions in <u>2017/18</u> when the operator has engaged with, and considered, the views of service-users (including indirect payment service providers) and other interested parties on the effectiveness of the representation of the interests of service-users in its decision-making processes of its governing body.</p>	
<p>GD4.2.1 Confidential information on engagement with service-users.</p>	<p>In the past 12 months, the views of service-users on the effectiveness of the representation of their interests in Pay.UK’s and individual scheme’s decision-making processes of their governing bodies have been captured informally (through the range of engagement activities with users as described in the previous sections).</p>

¹⁷ https://www.wearepay.uk/wp-content/uploads/2018/06/180531_npsobulletinmay.pdf

¹⁸ <https://www.wearepay.uk/new-payment-system-operator-responds-to-psr-open-letter/>

GD4.3 details of any anticipated review, or engagement with service-users (including indirect payment service providers) and other interested parties, that the operator plans to take over the following 12-month period in the representation of the interests of service-users in its decision-making processes of its governing body.

<p>GD4.3.1 If you have on-going work reviewing or changing your engagement with service-users please include a description of that work. Please include the progress that has been made so far, the way in which stakeholders have informed the work, and the expected completion date.</p>	<p>Guarantors As set-out in the Guarantors policy our aim beyond 2018 is to expand our Guarantor base such that it better represents the various stakeholders in the wider payments ecosystem. To ensure the Guarantor group is balanced and representative yet remains manageable, we have adopted a flexible target in the range of 50–100 Guarantors. We expect to hold the first Annual General Meeting of our Guarantors in Q1 2019.</p> <p>Standards Framework Work is underway to develop a process for managing the creation, development and management of the various Standards we own and manage. This process will be designed to enable open, transparent and consultative engagement with service-users. We are in dialogue with the PSR on our plans for this.</p> <p>Strategic Target Operating Model We are in the process of implementing our Strategic Target Operating Model. This will include new capabilities focused on engaging with service-users.</p>
<p>GD4.3.2 If you are planning to review or change your engagement with service-users please include a description of the planned work. You should explain the aim of the work, the planned stages of the project and the expected completion date.</p>	<p>As we mature as an organisation the way we engage with service-users will evolve over the next reporting period. Current planned activities are below.</p> <p>Service-User Engagement Framework During 2019 Pay.UK will continue to establish and refine its approach to service-user engagement to ensure it is integrated across the future operating model and incorporates best practice from the individual schemes and the New Payments Architecture programme. Building on the progress made in 2018, in Q1 2019 we will develop a Service User Engagement Framework across the future operating model ensuring user feedback and insight is incorporated within decision making processes in an integrated and strategic way. We expect this work to conclude by end Q2 2019.</p>

General Directions: 2017/18 Compliance Report

	<p>Board effectiveness review</p> <p>To ensure that the Pay.UK Board is delivering appropriate governance and oversight of the three payment systems (Bacs, Faster Payments and Cheques), our Chair will oversee a review of the effectiveness of Pay.UK Board after its first year of operating these payment systems. The findings of the review, alongside any proposed improvements, are targeted to be completed by the end of June 2019.</p> <p>Advisory Councils effectiveness review and reports</p> <p>To ensure both of our Councils remain effective we plan to develop a process to measure their effectiveness. In our response to the PSR's Open Letter, we indicated the process would be in place by end 2018. We are now looking to align this process closer to the Board effectiveness review to ensure maximum synergies and read-across.</p> <p>In addition, both Councils will produce reports in 2019 that will be made available to our Board and publicly via our website. They will set out the work done by each Council and the extent to which Pay.UK has addressed end-user and participant needs. The current plan is to complete both reports by the End User by April 2019.</p> <p>New Payments Architecture</p> <p>The NPA Programme will continue to engage with service-users through the next reporting period, establishing new Advisory Groups and consulting with stakeholders on key topics as appropriate.</p> <p>In addition the NPA Programme is in the process of implementing an online collaboration tool to publish and store information and obtain feedback from stakeholders. The central programme team will manage access so that accessible information is relevant for the various stakeholder categories and organisations. We expect this to be available from Q1 2019</p>
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