



Our ref DB / JP / MC
Your ref
Date 22nd September 2017

Clydesdale Bank PLC
40 St Vincent Place
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Payments Systems Regulator (15th floor)
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Canary Warf
London E14 5HS

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Dear Sir

Blueprint for the Future of UK Payments

We thank you for inviting us to respond to the consultation: *Blueprint for the Future of UK Payments*. Clydesdale Bank notes your vision for the future of UK payments: one that will deliver simpler access, greater innovation, increased adaptability, improved competition and better security. Through these changes our payment systems will be ready to meet the needs of users, both now and in the future.

We also acknowledge that a new architecture may be required to meet the changing expectations of users and to create an environment flexible enough to meet future needs and that this new architecture will replace the inherent complexity of running Bacs, Cheque and Credit, and the Faster Payments Service.

Clydesdale notes the key features of the New Payment Architecture (NPA):

- 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 the common, international messaging standard, ISO 20022, to enable access, innovation and interoperability, both in the UK and potentially for international connectivity.
- Security and resilience, with financial stability a key principle.
- The use of 'push payments' to enable simplicity and increase customer control.
- Flexibility built into the design to support a range of new end user overlay services such as Request to Pay and Assurance Data (including Confirmation of Payee).

As a small, ambitious challenger bank, we are broadly supportive of the overall aims and objectives of the strategy.

We welcome the aim of ensuring that payment systems are operated and developed in a way that takes account of, and promotes, the interests of service-users of payments services. Experience tells us that with change, often comes opportunity and we believe that if the payments and banking industry can demonstrate a relentless focus on the customer and work collaboratively and determinedly to achieve the stated plans, we will succeed in achieving the aim of reinforcing the position of the UK as a global leader in payments.



We look forward to continuing to work with the PSR and the payments community as we seek to refine the strategy. It is vital that robust cost benefit and risk analysis is carried out for the proposed strategic initiatives and that we explore all opportunities that may arise from this detailed analysis and investigation. The PSR should remain mindful of other regulatory activity and seek to prioritise and sequence the proposed solutions.

We also note the proposal to fund the investment in the new payments architecture by means of raising external debt or equity investment from public or private markets.

More detailed responses are provided to some of the specific questions.

Finally, we would re-iterate that in implementing any changes as significant as some of those proposed, it is important that the PSR do not underestimate the challenges and complexity of the changes, which may penalise smaller, challenger banks or impose unnecessary demands or disproportionate costs on them.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Curran', written over a light blue horizontal line.

Mark Curran
Director of Payments and Open Banking Strategy