



payments
strategy
forum

New Payments Architecture Design Hub

Payments Strategy Forum
30th January 2017



Summary

The NPA Design Hub has been established to progress the detailed design of the NPA before handover to the NPSO.

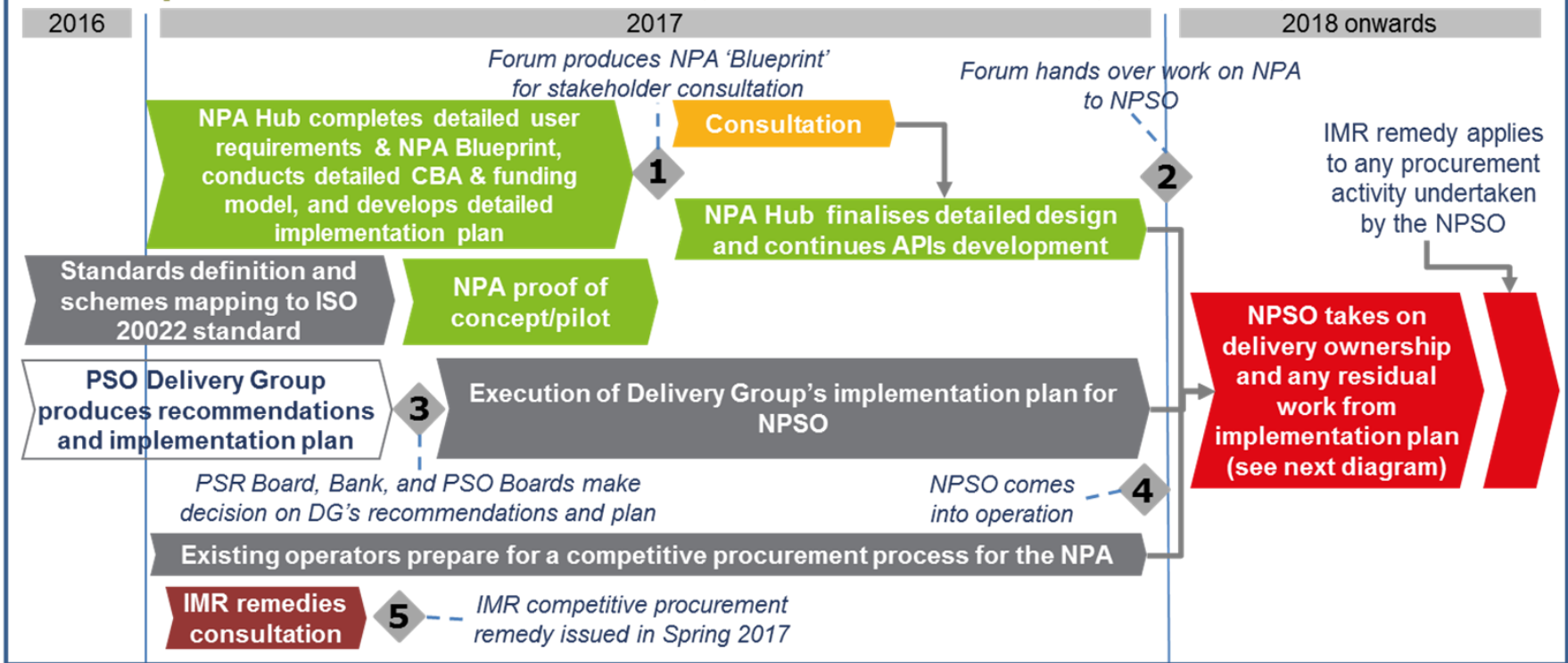
Our focus since the December Forum has been to:

- A. Consider the interdependencies between the work of the Forum; the PSR's proposed infrastructure market review remedies and the establishment / future role of the New Payment Systems Operator**
- B. Develop a high level governance model and milestone plan and agree the 'products' that our four workstream are expected to produce by end 2017**
- C. Agree an appropriate engagement model.**

Forum is asked to review this report and provide input on these draft plans and resourcing options.

**A: Interdependencies between the work of
the Forum; the PSR's proposed
Infrastructure Market Review remedies and
the establishment / future role of the New
Payment Systems Operator**

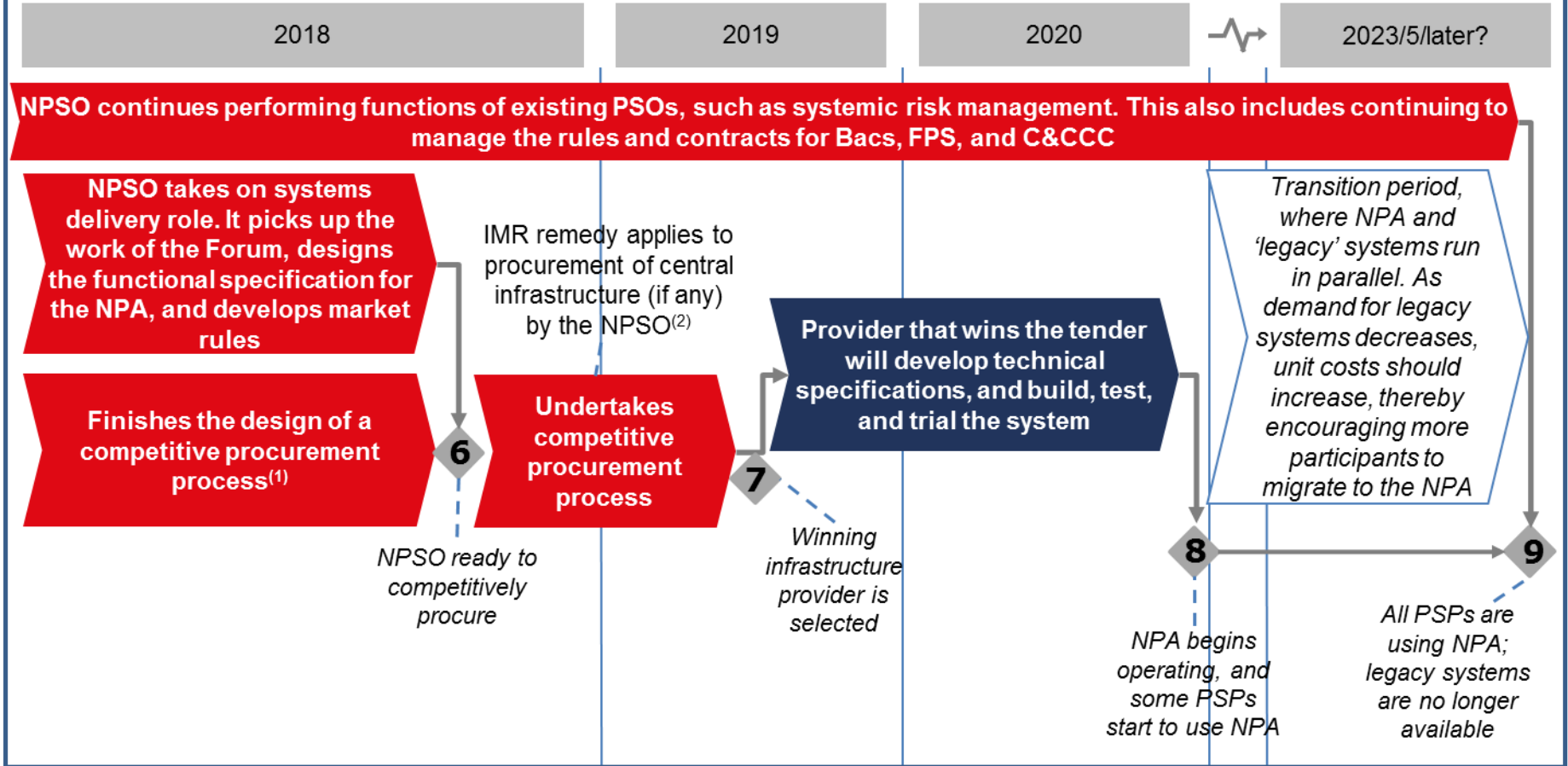
Interdependencies between Forum, PSO Consolidation, and IMR; until 2018



Key points

- The NPSO is expected to commence competitive procurement for the NPA in 2018, **so the NPA design must be ready for handover at the end of 2017.**
- The NPSO is expected to 'own and maintain' the rules and standards for Request to Pay, Confirmation of Payee, and Enhanced Data, **so the business and technical requirements need to be documented ready for handover by the end of 2017.**

Interdependencies between IMR, New PSO, and Forum; from 2018

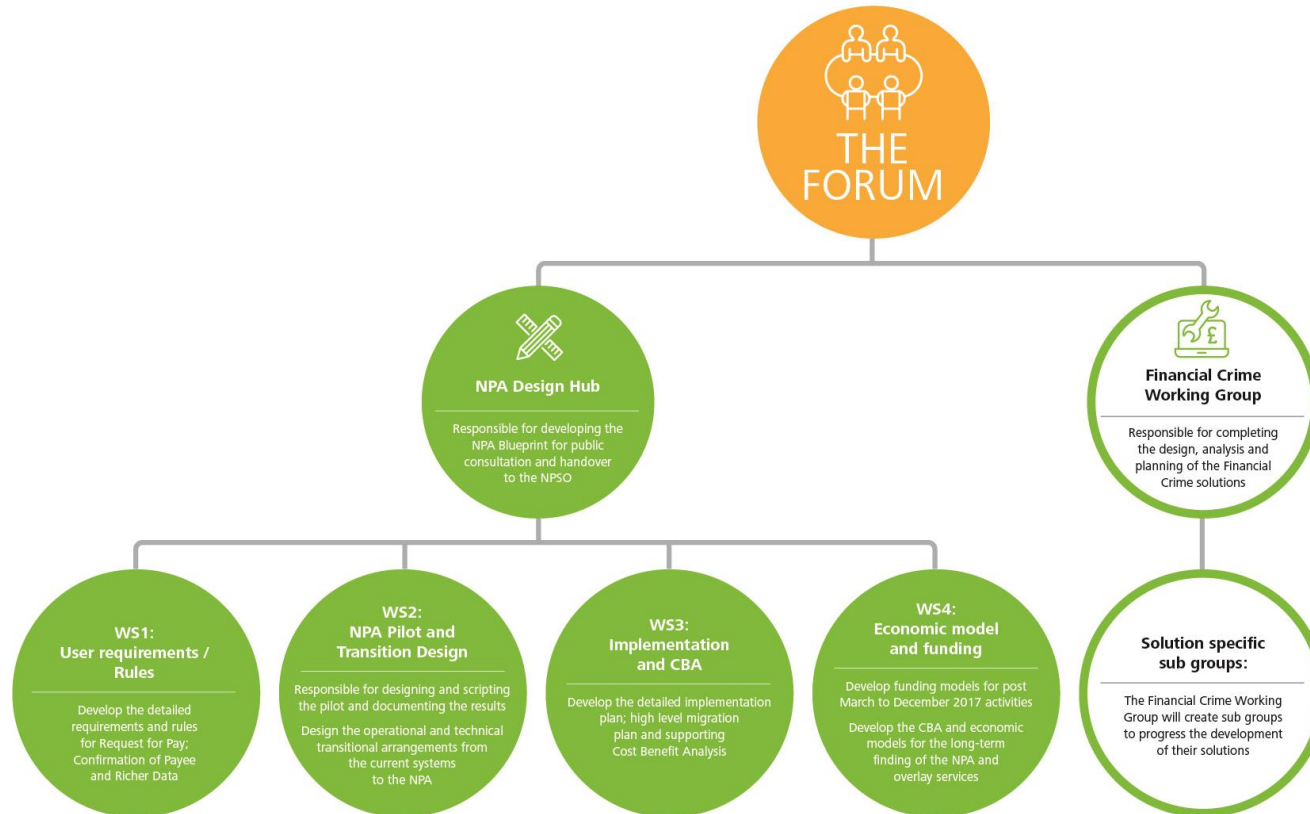


New operator activity **Infrastructure provider activity**

Footnotes:
 (1) For any centralised infrastructure in the NPA.
 (2) Applying only to parts of the NPSO which are related to Bacs and FPS

B: High level governance model and milestone plan

Proposed structure for NPA Design Hub



Resource:

- EY to undertake provide Project Management Office, Secretariat Support and Technical Expertise ,
- Industry (Payments UK, PSOs, PSPs, ISVs and end users) to contribute to working groups

WS1: User requirements and rules

- Document a suitably detailed set of business and technical requirements for Request to Pay, Confirmation of Payee, and Enhanced Data for handover to the NPSO by the end of 2017
- The NPSO will further develop rules / standards based on these, which it will use to accredit any providers which want to offer these services

WS2: NPA pilot and transition design

- Design the high-level SPP architecture
- Design the NPA pilot and document the results
- Design the operational and technical transitional arrangements from the current systems to the NPA, including any interactions with RTGS
- The NPSO will base the development of the functional specification for the NPA procurement on these

WS3: Implementation and CBA

- Develop the detailed implementation plan for the NPA, a high-level migration plan, and refresh the Business Case to support this
- The NPSO will follow this prescribed implementation plan from 2018

WS4: Funding

- Develop models for the long term funding of the NPA, including for initial investment and suitable charging models to cover operational costs
- Take into account linkages to the PSO Delivery Group's work in designing the New PSO, and ensure any funding models are compatible with the design of the New PSO

WS1 and WS2 combined will set out the requirements for end users and the SPP

The above are the products that will constitute the '*NPA Blueprint*', which the NPA Design Hub needs to create by end 2017 for handover to the NPSO

Planning approach & timeframe up to publication of the “blueprint”

Dates	Activities
January	<ol style="list-style-type: none"> 1. Define and agree Terms of Reference for each Workstream 2. Education 3. Set-up team, and secure resourcing to end March
Feb – March (1st Iteration)	<ol style="list-style-type: none"> 1. Requirements 2. Standards 3. Pilot Approach 4. Settlement Model 5. Straw-man Implementation Approach
End March	<ol style="list-style-type: none"> 1. Agree Settlement Approach with Bank of England 2. Agree Data Standards Approach with CMA IE
April - June (2nd Iteration)	<ol style="list-style-type: none"> 1. Requirements 2. Standards 3. Pilot 4. Settlement Model 5. Implementation Approach 6. Funding Approach 7. Cost Benefit Analysis
End June	<ol style="list-style-type: none"> 1. Agree Settlement Design with Bank of England
July 2017	<ol style="list-style-type: none"> 1. Publish “Blueprint” for public consultation

Post the Forum meeting the Design Hub will reach out to the Payments Community to secure the require skills and expertise.



Principal Risks

The main risks for progress of the NPA Design Hub are:

1. Lack of availability and/or poor control over resourcing leading to delay in production of NPA Blueprint
2. Stakeholder disagreement on direction and content of work streams leading to lack of agreement on blueprint
3. Lack of buy-in from PSOs on output, leading to lack of take-up of blueprint
4. The NPA Design Hub doesn't complete the necessary clearing and settlement definition work, in line with the Bank of England's RTGS review

D. Engagement Model

Stakeholder group		Contact	NPA Design Hub	Workstreams	Other	
Payments Community	Regulators	PSR FCA BoE/RTGS API IE	Phillip/Otto Phillip/Otto Phillip/Otto Phillip/Otto	✓ ✗ ✓ ✓	All ✗ WS2 ✗	Full on-going Exec Brief x1 Exec Brief Bi-monthly Chair Brief x2
	Payment System Operators	FPS Bacs C&CCC	Mike Otto Otto	✓ ✓ ✓	All All All	CEO Brief Monthly 1-2-1 calls Ad Hoc Education sessions x3 Roundtable x1
		LINK CHAPS MasterCard Visa PSODG	Mike Mike Phillip Phillip Faith	✗ ✗ ✗ ✗ ✗	TBD WS1 WS1 WS1 ✗	1-2-1 calls Ad Hoc Education sessions x3 Roundtable x1
	Payment Service Providers (inc. Payments UK)	WS lead	(To be selected from the Community)	✓	All (To be selected from the Community)	Senior Level Brief x1 Education sessions x3 Roundtable x1
	Technology and Infrastructure Providers	Carlos / Sailesh	(To be selected from the Community)	✓	WS1,2,3 (To be selected from the Community)	Education sessions x3 Roundtable x1
	End-Users	Sian / Faith	Sian / Faith		WS1 (To be selected from the Community)	Education sessions x3 Roundtable x1

All stakeholders will have access to Forum papers via the website and will have the opportunity to respond to the consultation

There will be various channels for stakeholders to engage:

- Attendance at the NPA Design Hub and / or its workstreams (*dependent on organisations / individuals being able to provide the necessary expertise and capacity*)
- Attendance at Payments Community Roundtables. We plan to host these in April 2017
- Attendance at ad hoc education sessions to learn more about the NPA
- Regular executive level briefings for regulators / policy makers and the directly impacted PSOs
- Named primary contact for different stakeholders
- All Forum papers and key NPA Design Hub documents will be made publically available on the Forum's website



Discussion and Questions