

22 June Forum Minutes | FINAL

Meeting: Payments Strategy Forum

Date / Time: 22th June 2017 | 14.30 to 17.30

Ai.0 Welcomes; objectives; apologies; conflicts of interest

- Ruth Evans (RE), Chair, opened the meeting and thanked the Forum members for their work to date. She advised that she had met with EY prior to the meeting and received assurances from them that EY is producing a Consultation Document of outstanding quality.

Ai.1 Minutes and actions

- 06 June meeting minutes were agreed without amendment
- All outstanding actions were completed or in progress to the Forum's satisfaction

Ai.2 Financial Crime, Security and Data

- Andrew Ducker (AD) and Andrew Wickham (AW) presented on the progress of the Financial Crime Security and Data Working Group on behalf of Russell Saunders (RS) and Neil Lover (NL). Forum members raised the following points:
 - Rebecca Clements (RC) asked where the governance for the KYC data sharing solution would sit within the industry. AW noted that the Financial Crime Working Group (FCWG) was in discussion with UK Finance about implementation. This would involve a sandbox to develop beta standards and test how KYC data value added services could prevent financial crime. AW assured the Forum that current GDPR requirements would be sufficient to enable this solution, and that such a solution could help PSPs to meet their obligations under the legislation.
 - RE asked if the FCWG was confident that UK Finance would implement our solutions, given the merger of the trade associations. AD confirmed that there was a timeline in place with milestones the Forum would expect to be achieved. RE stressed the importance of the Forum having confidence that any solutions being handed over will be progressed and asked the FCWG to document this in the next version of the Consultation Document.
 - Justin Jacobs (JJ) noted that the 'Transaction Data Sharing and Analytics' solution was being handed over to the NPSO. He asked the FCWG and the Forum to consider the priority of this solution against the other activities being handed over to the NPSO at end 2017.

ACTION: Ensure that the FCWG solutions being handed over are clear on the Forum's expectations and have proposed an action plan and success criteria. This needs to be documented in the Consultation document.

ACTION: Update the 'Transaction Data Sharing Analytics' solution document to reflect the recommended prioritisation and sequencing by the NPSO

- Jane Barber (JB) presented on the Liability in Indirect Access Models solution sub-group and confirmed that a questionnaire on accessing accounts was being prepared as part of an evidence gathering exercise by the sub-group. Carlos Sanchez (CS) noted that the development of the solution could benefit from further engagement with the FCA on account access.

Ai.3NPA Design Hub

- Paul Horlock (PH) presented on the progress of the NPA Design Hub. Forum members raised the following points:
 - CS noted that the wording of the executive summary should be updated to reflect the fact that the counterfactual to NPA implementation was ISO20022 adoption in the procurement of the central systems, as per the PSRs remedy from the Infrastructure Market Review.
- Otto Benz (OB) presented on the NPA Design and Transition section. Forum members made the following points:
 - PH noted that further clarity was needed on the functionality and impact of a single push rail compared to the current systems. JJ noted that it was critical to elicit an informed response on this in the consultation so it merited further explanation in the document.
 - A number of Forum members commented that the overall quality of the document could be improved to make it more accessible for non-payments readers. In addition, Forum members asked for the consultation questions to be clearly labeled so stakeholders know which ones are relevant to them.
 - Katherine Horrell (KH) noted that the questions on Request to Pay (RtP) were not written in a way which would appeal to corporates and did not sufficiently indicate what the benefits would be to them. Steven Cooper (SC) also noted that the document was conflating 'vulnerable consumers' with 'low income consumers' and that most consumers experienced periods of vulnerability so RtP should be presented as a much broader solution for a wider selection of consumers.
 - CS noted that the case for the distributed vs centralised design should be made more pronounced in the consultation. He noted that both models had implications for innovation and competition which should be presented in a neutral manner for consultation. OB agreed that both options could be included in the document, with pros and cons for both as well as the associated risks.

ACTION: Ensure the consultation document clearly articulates the implications of a single push rail, including how existing pull products will work

ACTION: EY to ensure the next version of the consultation document is updated to:

- Be more accessible and reader friendly
- Remove duplication
- Have a consistent house style
- Include consultation questions that are clearly targeted at stakeholder groups. This should include the type of c, e.g. retail; SME; corporate (Government)

ACTION: WS1 to ensure that Request to Pay is not positioned as a product only for users who struggle with bill payments. Consultation document needs to reflect that RtP has other use cases both current and future.

ACTION: KH to support WS1 by providing Request to Pay wording / questions specifically for Corporates

ACTION: Update the Consultation document to include WS2 analysis on both the distributed and centralised model, advising that WS2 concluded it favoured a centralised model but seeking feedback on this decision

- PH presented on the User requirements and rules section. Forum members made the following points:
 - CS asked for the data structure of RtP to be added to the consultation document.

ACTION: WS1 to include the data structures for Request to Pay and Confirmation of Payee in the Consultation document

- Becky Clements (BC) presented on the Implementation Planning section. Forum members made the following points:
 - Brendan Pielow (BP) noted that in order to make the proposals more relevant for the end-users, the transition plan needed to make clear when the NPA would deliver the user-need solutions for consumers. PH noted that it would be possible to bring these products to market on the current infrastructure and then transition them to the NPA as Overlay Services. PH agreed this needed to be made clearer in the document.
 - A number of Forum members also noted that the transition timeline could be presented in a way which made clear this was only a proposal, which the Forum was seeking comment on, and which was developed to align with the current industry change programmes. James Emmett (JE) also noted that the document should be clear about the risks posed of implementing any faster.

ACTION: WS3 to make the timeline clearer on how and when consumer products and services will come to market

ACTION: Ensure the Consultation document is clear on how the existing service and products will transition to the NPA.

ACTION: WS3 to produce a timeline which demonstrates the alignment with the current industry change program

- Mike Smith (MS) presented on the Cost Benefit Analysis section. Forum members raised the following points:
 - CS asked for clarification on the costs of upgrading the current systems to ISO2022. The Forum agreed to include the counterfactual in the cost benefit analysis of upgrading to ISO2022 and delivering the three end user solution.
 - Forum members discussed the benefits of enhanced data and BP suggested that the consultation questions should ask if stakeholders agree with these stated potential benefits, given that users themselves may have to implement change programmes to transition to these services.
 - Forum members also noted that there was repetition and some overlap with section one, so suggested that the document be restructured to combine the two sections on transition, which should be added to the section on implementation.
 - JB noted that a specific question should be included asking stakeholders if the Forum's assessment of where competition in and for the market would occur, was correct.

ACTION: WS3 to include an assessment of the NPA counterfactual option of upgrading the existing Bacs and Faster Payment Systems to ISO20022 and delivering the three end user solutions.

ACTION: Consider if the transition piece in Section one of the consultation document should be combined with the transition piece in section three and added to the implementation section (3)

ACTION: WS4 to include a question asking if the suggested model for competition in the market and for the market is correct

Ai.4 AOB

- RE thanked everyone for their work and noted that the next meeting of the Forum was the final opportunity to comment on the draft consultation and that, as such, absence will have to be taken as full agreement with the text.

ANNEX 1 – Attendance List

Apologies:

Marion King – Group Director of Payments, RBS
Michael Maier – Chief Operating Officer, Fidor Bank
Faith Reynolds – Member, Financial Services Consumer Panel
Sian Williams – Head of Financial Inclusion, Toynbee Hall
Thaer Sabri – Chief Executive, Electronic Money Association

Attending:

Members

Ruth Evans - Chair, Payments Strategy Forum
Becky Clements – Head of Payment Operations, Metro Bank
Brendan Peilow - Crown Representative (Banking and Payments), Cabinet Office
Carlos Sanchez – CEO, Orwell Group
James Emmett – Chief Operating Officer, HSBC
Katherine Horrell – Group Treasurer, Centrica
Mark Lyonette – Chief Executive, Cornerstone Mutual Services
Mike Smith – Commercial Director, Raphaels Bank
Neil Lover – Head of Payments and Financial Crime, Coventry Building Society (dialling in)
Neil Rowan - Head of Enterprise Billing and Global Sourcing, BT
Otto Benz – Director, Strategic Payments, Virgin Money
Paul Horlock – Head of Payments, Nationwide
Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group (dialling in)
Ruth Wandhofer – Global Head for Regulatory and Market Strategy, Citi Bank
Steven Cooper - CEO, Barclaycard Business Solutions
Tony Shaw - Head of Treasury, Cash And Banking, Tesco

Observers

Jack Wilson, Financial Conduct Authority
Justin Jacobs, Bank of England
Dora Guzeleva, Payment Systems Regulator
Paul Smith, Payment Systems Regulator

Working Group Support

Andrew Ducker, Lloyds Banking Group
Jane Barber, RBS
Sailesh Panchal, Ipagoo

Secretariat

David McPhee
Michaela Costello

PMO

Hamish Thomas, EY
Andrew Wickham, EY
Patrick Seal, EY