

Horizon Scanning Working Group

Triage and Prioritisation Analysis

1. Executive Summary

- Since the last Forum meeting in December the Working Group has devoted its time to complete the long lists of regulatory initiatives, relevant technologies and models from other countries. Each item on the lists has been analysed and documented, pointing at its relevance and what part of the payments value chain it does impact.
- The items that seem to have a higher impact in solving detriments are:

Fig. 1: Regulatory

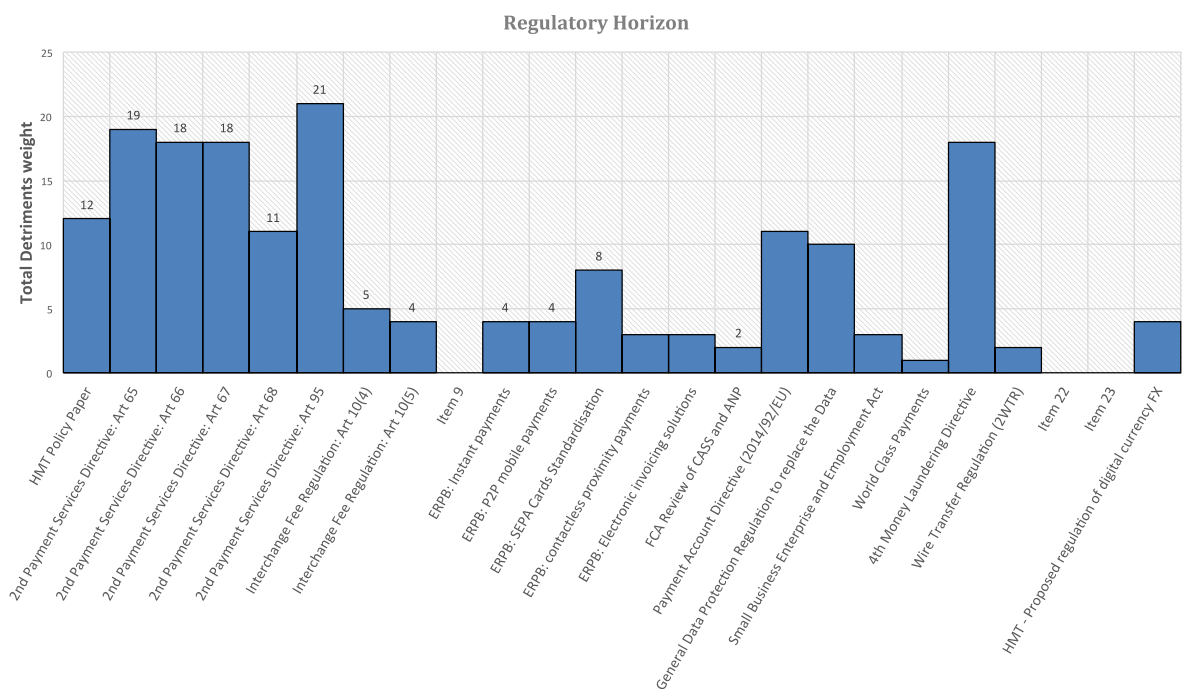


Fig. 2: Geographic

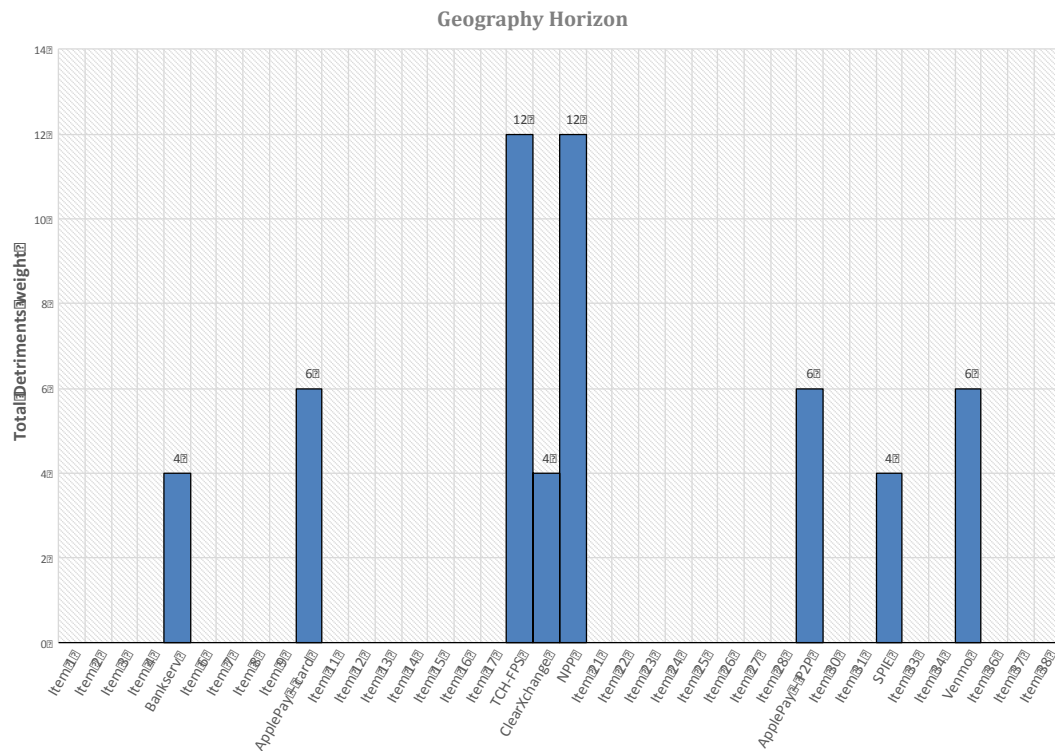
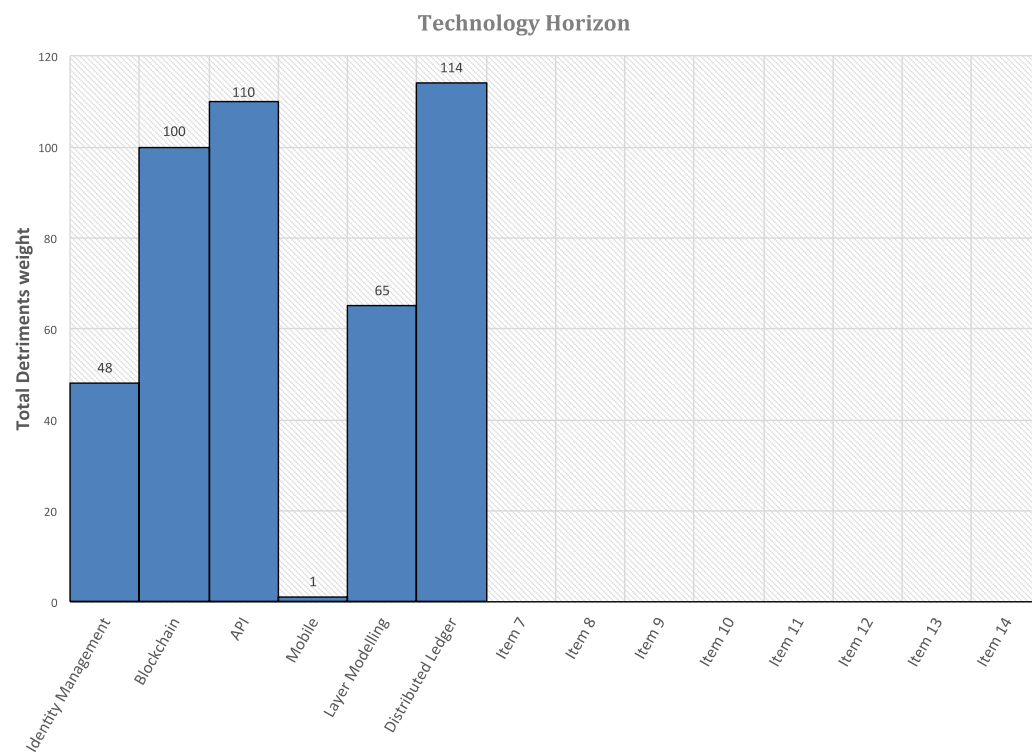


Fig. 3: Technology



- Based on these findings, the priorities for the Working Group are now clear. A decision must be made, however, on how to deal with those priorities, which will certainly depend on whether the underlying items are being dealt with collaboratively already or not. The Group will meet on the 26th to review this result and detail its action points.
- The document structure to report the work of the Working Group is being produced and specific guidance has been issued to each sub-group for the drafting of content.

2. Call to action

ACTION 1: The Horizon Scanning Working Group has applied weights to the various detriments received as input from the Forum since it was recognised that not all detriments had the same importance. The concept of importance of a detriment was acknowledged to be hard to define. “Importance” was mainly measured relative to how many (or what proportion of) service-users (at their level in the payments value chain map) would benefit from the resolution of the detriment. No data was used for this measure and it was based solely on the experience of the members of Working Group.

Validation of these weights is required by the Forum so that weight can be used by other Working Groups as well.

OTHER ACTIONS: All other actions will derive from the discussions on the 26th of February.

3. Triage and prioritisation analysis

As per the high level work programme and evaluation framework discussed and agreed at the December Forum meeting, the **Horizon Scanning Work Group** has been through an exercise of assessing its long list of detriments and the potential initiatives, regulations and technologies that could help to solve them.

While the Geographic and Regulatory Horizon sub-groups are meant to bring to the attention of the Forum, the future developments and initiatives and business models in other countries so that this is taken into account in the UK, the Technology Horizon is focused in identifying what technologies could be adopted to address the detriments of the current payments systems and experienced by service users.

In this sense the Technology Horizon sub-group has found that an overwhelming high number of detriments could be solved with a mix of these technologies and concepts:

- Blockchain
- Distributed ledger
- APIs
- Layer Modelling
- Identity Management

The grouping of the first 4 would result in the possible need to design a new payments system using those technologies and approaches. Curiously such a result mirrors the recent report from Sir Mark Walport (Government Chief Science Adviser): Distributed Ledger Technology – beyond block chain, from the Government Office for Science.

3a. Orphan detriments

There are a number of detriments whose meaning is not clear and require rewording to better understand them:

Financial Crime, Data and Security	FC6	Card scheme rules need to be localised
Simplifying Access to Markets	SA7	Lack of competition between schemes
Financial Crime, Data and Security	FC11	Lack of accessible data for merchant users into actual levels of fraud
Horizon Scanning	HS9	Online payments – lack of access for business users for alternative rails (i.e. need more availability of credit transfer payment online)
Horizon Scanning	HS12	USA centric model that doesn't translate to EU regulatory framework – e-money is missing, for example

Other detriments seems highly related among them and could be merged into a single detriment

These three together

Simplifying Access to Markets	SA1	Not enough direct PSPs	CHOICE / COMPETITION
Simplifying Access to Markets	SA2	More direct / indirect PSPs	CHOICE / COMPETITION
Simplifying Access to Markets	SA3	Indirect participants have little choice of providers	CHOICE / COMPETITION

These four together

User Needs	UN1	Poor flexibility or ease of use to control your push and pull payments	GREATER CONTROL
User Needs	UN4	Existing payments mechanisms not keeping up with pace of change with work and living habits – i.e. Direct Debits	GREATER CONTROL
User Needs	UN5	Account charges for bounced Direct Debits and unauthorised Direct Debits etc. affects the disadvantaged	GREATER CONTROL
User Needs	UN7	Direct Debits are too rigid/lack transparency for customers with unpredictable incomes ; no control over exact dates or amounts; no part payments or flexibility causing exclusion from discounts and returned payment fees	GREATER CONTROL

These two together

Financial Crime, Data and Security	FC6	Card scheme rules need to be localised	INTERNATIONAL
Horizon Scanning	HS13	Card scheme rules need to be localised	GOVERNANCE