

## **Being Responsive to User Needs: Response form Hermosa Consulting**

### **Representing: Hermosa Consulting**

Q1 I think you have oversimplified the situation. More detail on the views of Third Party Processors (who could take over some of this processing), Vendors (who could produce faster updates) and Telco's and FinTechs are required.

Q2a There are several issues here and I agree that direct debits do now work for all customers. However, for those on a tight income they could have a need to pay Government via a credit card e.g. for a driving or television licence and due to lack of funds utilise a credit card. However, this is surcharged by the Government in a number of areas as indicated above and this needs to be addressed.

Q2b There should be a pilot exercise or trial implementation of all changes to ensure the implications are fully understood. This approach was successful used for EMV implementation but not for contactless, which took far longer and even today is only approaching where it should have been 3 years ago.

Q2c As indicated above a Programme Management Organisation as was utilised for EMV staffed externally should be used to oversee the implementation

Q3a The benefits are greater use of digital technology and replacement of cash. Given the stalling of the cheque replacement programme by image, the project should also hasten the end of cheques.

Q3b The risks can be ameliorated by sharing learnings from the implementation of the CASS project and PayM which uses a mobile number as a surrogate for a bank account number.

Q3c The business case is not clear until the processors, Telco's and payments processing software vendor options have been included. Further work to establish the true cost of cash and cheques is required. The benefits of greater data also need to be established.

Q3d The changes need to be planned so alternative solutions like the Internet of Things driving payments can be added at a separate later stage.

Q3e Greater research particularly amongst the organisations highlighted in Q1.

Q4a There should be a scoping exercise of how quickly any investment in traditional solutions can deliver versus a change to a new system. If this delays new system development because of time required to build in a new and old architecture these should be avoided. The current legacy systems which in many cases have been based around paper, not digital content need to be replaced.

Q4b This is why the consultations with TPP's, Telco's, FinTechs and Payment Software vendors are required

Q5a This is fine provided they consult widely

Q5b Payments UK

Q6 Agreed, but this should also include some leadership on what are acceptable biometric options for verification as different ones are being adopted e.g. Voice, Fingerprint, Retina, Veins

Q7a Yes subject to this ensuring the success of 'Big Data' implementation

Q7b Yes, The new European data legislation, in particular the right to be forgotten is also an issue.

Q7c There is already excessive legislative change emerging from Europe in my opinion. Therefore this needs to be carefully crafted to co-ordinate with this and not add further complexity.

Q8a Yes subject to safeguards.

Q8b It should also build on data collected by e.g. Telco's and FinTechs which may promote financial inclusion

Q8c My concern is the resources Organised Crime will mobilise to breach the data shared.

Q8d This needs further evaluation by those better qualified in this area than me.

Q8e I doubt this can operate without change to legislation and a need to ensure it complies with new European data legislation. A check on any impact on PCI-DSS is also required.

Q8f A central organisation that is also responsible for delivering the benefits of 'Big Data' once these are defined is my preferred option.

Q9 Yes subject to exploring other options

Q10 I am afraid I do not know enough about this area to comment.

Q11 Eventually the sort code system need to be replaced

Q12 Yes

Q13a Yes this extends the New Access Model indicated by Faster Payments

Q13b Make certification easy and speedy an ensure sufficient resources is available to assist the organisations seeking certification

Q14 Yes

Q15 This could be achieved, but the purchase of VocaLink by MasterCard means they have to be involved in any discussions

Q15b as above

Q16 Yes this is long overdue and will allow international standardisation

Q17a Agreed, the Indirect access capability for e.g. Faster Payments has been a major handicap for organisations who either cannot or will not join as direct members

Q17b The business case for banks as they will have input and may want to restrict the guidance to maintain their position in the market in these areas.

Q17c Payments UK

Q18a Yes this makes sense to use API's

Q18b The benefits is that all participants will follow the API development guidelines once agreed. The disadvantage may be speed of agreement and the European element exacerbates this as they are not renowned for speed of development and implementation

Q18c Possible a PMO style organisation overseeing

Q19a The proposal seems to provide benefits but more investigation is required

Q19b This is very difficult and I think both models should be explored

Q19c I cannot see an existing scheme being able to deliver this

Q19d The technical and business implications of both models need to be explored in more detail

Q19e Yes as the resources should already be investigating legislative and technical changes

Q20a Yes

Q20b The design development will drive the benefits and it should be as open as possible

Q21a In its simplified form this is at least a starting point.

Q21b It is too early to say at this time. I would like the PSR to provide an update on changes to the sequence after the consultation.

Q22a As indicated earlier in the response a PMO led implementation

Q22B An external PMO

Q22c No comment

Q23a Yes, CBA is not really my area of expertise

Q23b At a high level but these have to be refined as the process develops

Q23c I have no data to input to this.