

# FPSL Compliance Report

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- General Direction 2
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# Form A - General Direction 2

Please complete the form below, ensuring that you respond to each section of the paper. The **main headings** relate to the reporting requirements of general direction 2 (2.4, a-f). The *sub-headings* provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

## a) Self-assessment by the operator on compliance of its access requirements with the obligation in Direction 2.1 throughout the relevant period.

*I) Please provide a statement as to whether you consider that you have complied with the obligation in Direction 2.1 throughout the relevant period.*

*You should cross-refer to a statement of compliance from a responsible person in this regard.*

The Faster Payments Service (FPS) was launched in May 2008 and was the first new payments service to be introduced in the UK in over 15 years. The development of FPS was driven in 2005 by the then Office of Fair Trading and HM Treasury through the Payment Systems Task Force. Since its launch in 2008, FPS has processed in excess of 6.5 billion payments.

Since late 2014, Faster Payment Scheme Limited (FPSL) has been actively developing its New Access Model to meet the needs of those Payment Service Providers (PSPs) that require direct technical access to the real-time, 24 hours a day, 7 days per week (24\*7) service that their customers increasingly expect to be available. The New Access Model has encouraged a market-led, competitive supply of services, such as Financial Technology (FinTech) aggregators offering technical aggregation services. Our New Access Model now has a strong pipeline of PSPs and FinTech aggregators that will result in a substantial increase in the number of direct participants in Faster Payments over the next few years.

### **Statement of Compliance**

FPSL's access criteria are the minimum necessary to ensure a safe, secure and resilient payment system which operates a 24\*7 for the benefit of all service users. All our access and eligibility criteria are objective and risk based, an important consideration for a systemically-important Financial Market Infrastructure (FMI), and are publicly disclosed on our website [here](#).

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	<p>As a Financial Market Infrastructure (FMI) designated under the Banking Act 2008, FPSL has to comply with the Committee on Payment and Market Infrastructure (CPMI) and International Organisation of Securities Commissions (IOSCO) Principles for FMI (PFMIs).<sup>2</sup> These principles underpin our access requirements.</p> <p>FPSL began an ambitious access and innovation development programme to expand the ways in which participants accessed the payment system and minimise the scale disadvantages to new and existing participants. FPSL's access and development projects for the reporting period June 2015 – 30 September 2016 are described below.</p> <p>FPSL considers that the organisation is in compliance with the obligation in Direction 2.1 as detailed in the statement of compliance.</p>
<p><i>II) Please provide us with an explanation and evidence as to why you consider that your access requirements comply with General Direction 2.1.</i></p>	<p><i>In responding to this section you need to explain how your access requirements meet each of the substantive criteria of the obligation (i.e. that the access requirements are objective, risk-based and publicly disclosed, and permit fair and open access to the regulated payment system).</i></p> <p><i>So for example you should explain how they are objective (e.g. show how your access requirements are based on facts and evidence; show how decision making process for new applications for access is impartial or unbiased).</i></p> <p>FPSL's access criteria are the minimum necessary in terms of eligibility criteria to participate in the system in order for it to be able to guarantee the provision of a safe, reliable and resilient service to service users and support the maintenance of financial stability in the UK economy. To participate in the payment system operated by FPSL, a participant is required to:</p> <p><b>be an authorised Payment Services Provider (PSP) under the Payment Services Regulations (2009)</b></p> <p>FPSL requires its participants to be PSPs pursuant to the Payment Services Regulations 2009. This confirms that they have been approved by the appropriate and competent authorities, namely the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. The FPS is designed to eliminate the settlement risk – free transfer of funds from a customer account in one PSP to customer account in another PSP. This means that the FPS must directly deal with PSPs otherwise it would not be able to deliver the service.</p>

<sup>2</sup> Detailed information on these Principles can be found [here](#)

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### **hold a Sterling Settlement Account at the Bank of England, or be able to use a Sterling Settlement Account held by a Group Company at the Bank of England<sup>3</sup>**

The CPMI-IOSCO Principle 9 requires FMIs to conduct their money settlements in central bank money where practical and available. For this reason, the Scheme rules require settling participants to have settlement accounts with the Bank of England (BoE). If a participant did not have a sterling settlement account with the BoE, the Scheme would be unable to settle in accordance with the CPMI- IOSCO principles. This would cause FPSL, being a FMI and bound by the CPMI-IOSCO principles to be in breach of its international financial stability obligations.

As part of the service FPSL provides in operating the payment system, FPSL has entered into a Settlement Service Provider Agreement with the BoE to allow the settling participants to discharge and net off their obligations. This creates a deferred net settlement system (DNS). In order for a DNS system to operate safely in event of a participant financial failure, all parties need to be subject to the Settlement Financial Regulations (SFR) that enact EU Settlement Finality Directive (SFD). All BoE Settlement Accounts holders are subject to SFD.<sup>4</sup>

As a result of our New Access Model, a PSP may directly connect to the Faster Payments Service to obtain full real time customer proposition, but settle through one of five potential sponsor banks. Raphaels, a new participant has recently entered this market expanding choice and competition in sponsor services.

During the reporting period, FPSL has been actively engaged with the BoE to seek to broaden access to settlement accounts to Electronic Money Institutions (EMI) and Payment Institutions (PI). Please see section III on Flawed Asset Default Arrangements (FADA).

### **be able to comply on a continuous basis (i.e. 24\*7) with the technical and operational requirements of the system**

The FPS proposition to its service users and PSP participants is a 24\*7 real time irrevocable transfer of irrevocable funds without settlement risk. To deliver this proposition to all sender and receiver service users, all participant PSPs must comply with the Scheme's technical and operational system requirements on a continuous basis.

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<sup>3</sup> More information on Bank of England Settlement Accounts is available [here](#).

<sup>4</sup> The Settlement Finality Directive is available [here](#).

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### **become a member of the Company**

In order for the payment system to operate usefully, safely and reliably, the participants in such a system need to commit to publicly disclosed methods and standards of conduct and a legal framework. This is a requirement of Principle 1 of the CPMI IOSCO PFMI. This legal framework, which covers liability, risk, assurance, standards and the origin of our equitable cost recovery model stem from a membership participation agreement, which in turn refers to various other agreements which are set out in Schedule 2 of the Scheme Rules [here](#). Consequently, for FPSL to have certainty that a participant will adhere to its standards, rules and legal terms, a participant must agree to become a member of the Company (like a shareholder but without equity investment) and sign a membership participation agreement. Membership of FPSL itself is straightforward, it is automatically available to every eligible new participant in the system; it requires an entity to guarantee only £1 (one pound) in the event FPSL is wound up.

Regular reviews of the Scheme's constitutional documents are carried out by external legal counsel from a competition point of view. Membership of the Scheme Company also brings with it one decision making influence concerning the Scheme's articles of association highest level rules and currently the right to nominate a Non-Executive Director (NED) to the FPSL Board. These nominations are not to act as a participant representative, but as a NED that can provide oversight of Scheme management. These nominations are still subject to endorsement by the Board Appointments Committee.

The Scheme has a Board agreed [Decision Maker Process](#), which enables only the Chief Executive and an Independent Non-Executive Director (INED) to assess any application for membership against this set of objective criteria. Once an assessment has been completed, the Decision Makers inform the FPSL Board of their decision but not the identity of the participant. Competitors of potential participants are not permitted to be involved in this decision-making process. As there are no other restrictions on membership of the Company, and because it is how a participant is bound by the legal provisions surrounding the Scheme, we consider this is an objectively justifiable model.

### **have, or be eligible to hold at least one unique sort code**

Any PSP can gain access to a sort code. The unique sort code is necessary for payment messages to be routed correctly to allow the payment system infrastructure to manage the transfer of payments and is fundamental technical requirement for any payment transfer.

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	<p><b>commit to pay any additional legal costs incurred by FPSL with regard to your membership</b></p> <p>FPSL is a not-for-profit organisation and operates on a fair and equitable costs-recovery-only model. Consequently, we reserve the right to charge any specific additional legal costs that we do incur to a new participant, with their prior approval. This has not been necessary for any of our recent new participants.</p> <p><b>validly execute and remain party to all FPSL legal agreements</b></p> <p>The operation and framework of the payment system is legally underpinned by a suite of legal agreements which set out the responsibilities of liabilities of all parties. This is necessary for all parties to know what rights and obligations each party has and owes, and allows the Scheme to operate under the CPMI IOSCO Principle 1: legal basis.</p> <p><b>provide a legal opinion confirming that Scheme agreements are legally binding and enforceable on participants (applicable for overseas entities)</b></p> <p>The Settlement Finality Directive (SFD) which is in force in the European Economic Area (EEA) effectively puts transactions that have been submitted into a recognised payment system beyond insolvency laws to support financial stability. In the event of a participant becoming insolvent, any payments submitted into the payment system cannot be unwound; this is unlike all other transactions subject to insolvency practitioners operating, investigating or winding down an insolvent entity not under the protection of the SFD. This certainty and immunity from the potential for transactions to be unwound pursuant to insolvency laws is crucial for a reliable and stable national DNS payment system.</p> <p>In respect of entities incorporated overseas, the legal opinion we require from participants is to provide FPSL with comfort that the jurisdiction in which a non-EEA participant is operating in will enforce the legal documentation and, in particular, the concept of settlement finality and the Single Amount (as defined in the Scheme Rules), as we would expect under English law; without this, FPSL would not be able to remain a recognised FMI and continue to operate the Faster Payments system.</p>
<p><i>III) Please highlight any changes that have been made to the access requirements over the relevant period. Where changes</i></p>	<p>Since 30 June 2015 FPSL has undertaken various activities and improvements that reduce barriers and time in accessing the Faster Payments System that support new and existing participants and to meet the growing demand of those wanting to join the Scheme.</p>

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<p><i>have been made, please explain how they better meet the obligation in General Direction 2.1. and how they addressed any relevant concerns or focus areas we have identified.</i></p>	<p>In July 2016, as a result of the continuous effort and engagement in reducing barriers, Raphaels Bank<sup>5</sup> became the 12<sup>th</sup> direct participant of the Faster Payments Scheme and the first bank to connect directly to the system since FPS was launched in 2008. Please see press release <a href="#">here</a>.</p> <p>Following the success of Raphaels in September 2016, Metro Bank<sup>6</sup> became the 13<sup>th</sup> direct participant of the Scheme. We continue to assess our activities in line with our experiences with potential and new participants under the New Access Model.</p> <p>FPSL considers that its access requirements are objective and risk based, and provide fair and open direct participation. In our discussion with over 80 PSPs we have not identified any areas where our access requirements should change per se.</p> <p>We have however identified four areas where access can be enhanced:</p> <ol style="list-style-type: none"><li>1. The introduction of technical aggregators<sup>7</sup> to reduce the unavoidable fixed cost of participation for smaller PSPs</li><li>2. The extension of settlement account access to a wider range of PSPs, including some EMIs and PIs, not just credit institutions</li><li>3. Potential modifications to the legal and then technical delivery of cash prefunded settlement that preserve the elimination of settlement risk, but allow 'client monies' to be used as prefunding and ultimately for settlement from prefunding account to reduce PSP liquidity requirements (FADA) and settlement from a Reserves Collateral Account (RCA)</li><li>4. Expansion of FPSL's Onboarding team plus additional areas 5 – 10 below</li></ol> <p>Our activities and the benefits associated with each including the focus areas identified in the PSR's <a href="#">access and governance report</a><sup>8</sup> are summarised in detail below.</p>
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<sup>5</sup> Information on Raphaels Bank and the services it provides to its customers can be found on their website [here](#).

<sup>6</sup> Information on Metro Bank and the services it provides to its customers can be found on their website [here](#).

<sup>7</sup> FPSL define technical aggregators as "A technology provider offering Faster Payments connectivity and related Faster Payments solutions to one or more Payment Service Providers either as a managed or standalone service."

<sup>8</sup> Published on the PSR's website in December 2015.

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### **1. Access Programme - Technical Aggregators and Accreditation**

In 2015 FPSL advised that it was planning to introduce a software accreditation programme for those technical vendors and /or aggregators looking to offer Faster Payments connected services.

A cloud-based testing environment has now been deployed, following a competitive tender, enabling technical vendors and aggregators to both test and accredit that their software meets the functional requirements for Faster Payments. The Scheme will have three levels of technical accreditation (i) participant to participant payments, (ii) sponsor bank authorisations and (iii) non-settling participants. Levels one and two went live in March and August 2016 respectively with level three due to be available by early 2017.

In the course of 2016 five such aggregators have been technically accredited. This provides them, and their PSP clients, with confidence that they have a viable solution that will work correctly in Faster Payments. It also means that functional testing with the Central Infrastructure provider, VocaLink can be completed more rapidly, as any defects in the software will have been identified earlier. This reduces time to market and cost for those PSPs using an accredited aggregator.

As a cloud based offer, this service is cheap and easy to access for vendors. Vendors who pass the accreditation test and wish to be accredited by FPSL are charged a nominal fee which is used to offset the cost of developing and maintaining this service. The FPSL accreditation fee is £10k (including VAT). The fee is invoiced to the aggregator upon them successfully undertaking the technical accreditation tests with our chosen supplier. FPSL has created two functional accreditation test modules (i) aggregator supporting a direct connected settling participant and (ii) aggregator supporting a sponsor participant. A third module, aggregator supports connectivity for a non-settling participant is scheduled for January 2017. FPSL will only charge a single nominal fee regardless of which modules are tested, so long as the aggregator is using the same software version of their aggregator product.

In addition to this work, FPSL is undertaking a review of all Scheme documentation, for example Scheme Procedures/Rules, to take into account the role of aggregators and to provide clear boundaries of responsibility between PSP and aggregator particularly in engagement with FPSL and VocaLink as the System Operator and VocaLink as Central Infrastructure provider. FPSL has kept the industry informed of the key developments in this area through published press releases on its website: [Faster Payments Open Access, ready for take off](#), [New way to access Faster Payments becomes a reality as first FinTechs gain accreditation](#) and [The Economics of the New Access Model](#).



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### **2. Extension of Settlement Account Access at BoE**

FPSL reported in its compliance report 2015/16 the restrictions for some PSP's, mainly non-bank PSPs' ability to gain access to a BoE settlement account to enable them to participate in the Faster Payments Service. We were keen to help non-bank PSPs as much as possible but identified that any change to the policy of settlement account eligibility was a BoE decision. FPSL notified the PSR, BoE, and HMT that the SFD needs amending to cover all PSPs.

### **3. Flawed Asset Default Arrangements**

FPSL researched into alternative ways to provide settlement accounts for non-PSPs with client monies' restrictions on a proposed solution, Flawed Assets Default Arrangements (FADA). FPSL held active and regular discussions with the BoE on this proposed solution and to assist them to progress the solution forward. The solution would ultimately involve changes to FPS Central Infrastructure along with a new legal framework covering the following:

1. FADA to enable EMIs to use client moneys as collateral in their Reserves Collateral Account (RCA) for FPS
2. Notify the PSR and BoE that BoE is not designated as a Credit Institution, so technically cannot be used as a home for EMI client funds

FPSL's proposals were presented to the BoE to consider within their wider policy remit including the need to change their eligibility criteria during which time, FPSL engaged with a leading law firm to advise us on the suitability of FADA. FPSL also presented the new model to EMIs and PSPs and received positive feedback on the proposal given the minimal impact on their liquidity, a key consideration.

In June 2016, the Governor of the BoE announced that the eligibility criteria would be widened. The Governor also set out in his Mansion House speech<sup>9</sup> other safeguards that will be needed before access to Real Time Gross Settlement (RTGS) settlement accounts will be extended to non-bank PSPs. The BoE is still considering whether FADA is an acceptable alternative to the current legal agreements. FPSL continues to be engaged in this process.

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<sup>9</sup> Further information on the speech can be found [here](#).

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### **4. Expansion of OnBoarding Team**

In the last 12 months, FPSL's onboarding team has increased from one to two Onboarding Managers to support the growing interest from prospective participants considering joining the Faster Payment Service. The interest in the Faster Payment Service is set to grow in 2016/17 and to support the two current Onboarding Managers, FPSL has recruited another Onboarding Manager in Q4 2016, making a total of three.

FPSL's Onboarding Managers are actively engaged with providing introductory information to new participants, outlining FPSL requirements whilst also exploring prospective participant requirements and needs. FPSL has prepared Onboarding packs that are provided to prospective participants. If further questions arise or clarification is needed, the Onboarding Managers meet with the prospective participant to discuss the FPSL participation in greater detail.

Potential new participants (including aggregators) who sign a Non-Disclosure Agreement (NDA) are provided with access to our detailed documentation and specifications via SharePoint. FPSL has not found any PSP to be uncomfortable with signing an NDA – which does, of course, provide mutual protection – enabling the PSP to discuss its proposition etc without risk of disclosure by FPSL. FPSL has 100 NDAs with PSPs and aggregators.

More specifically, potential participants have access to the onboarding roadmap, setting out the logical view of activities required and the business functions to be established. This is complemented by a template MS Project Plan ("the Plan"). The primary purpose of the latter document is outlining a detailed step by step guide for the potential new participant looking to join the Faster Payments Service. The Plan is easily transferable into the potential participant's project plan and identifies key areas of collaboration with FPSL and the logical sequencing of timing to assist the new participant with minimal impact.

Subsequent to R Raphael & Sons PLC joining FPS in [August](#) 2016, the roadmap and the Plan will continue to be modified and refined as our experience of the on-boarding process matures with prospective participants over the coming months in 2016/17.

In our 2015/16 compliance report, FPSL reported on two challenges during the development of the PSP onboarding roadmap. We have successfully overcome these challenges.

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### **5. Bank Codes**

Bank Codes are allocated by the Bacs Payment Schemes Limited (Bacs) Reference Data Manager according to established processes. Where an intending Faster Payments participant has a sponsor bank then the sponsor bank can request the allocation of a new bank code provided that the new bank can be set up as an indirect participant for one of the Schemes. Two issues arose:

1. Migration: The existing Clearing Codes Rules & Procedures required that a bank was not both a direct settling member and an indirect non-settling member of certain Schemes at the same time. This means that a bank migrating from an indirect to a direct status (as all existing banks but not new ones will have to do) could not be supported.
2. Live before Test: When allocating a bank code this can only be done in the Live environment even though two to three months of testing are required in the customer readiness environment beforehand. Also the design of Payments Services Web Site (PSW) requires that at least one Scheme Membership must be specified (either for direct or indirect membership).

#### *Migration*

It was agreed by the Clearing Codes Management Group, that as a work-around a bank, being a single legal entity, could be allocated more than one bank code. As part of BoE requirements, one legal entity should have only a single settlement account. As an example, Raphaels Bank are now an active participant in FPS with two bank codes, one for their sponsored activities and one for their Faster Payments membership.

#### *Live Before Test*

To overcome the "Live before Test" challenge a process was developed and agreed with Bacs and VocaLink whereby in the case that an intending participant has no sponsor bank nor any indirect memberships then the Reference Data Manager would allocate a new Bank code with a Faster Payments membership in Live but this would then immediately be suspended until the testing and the proper go live process has been completed.

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### **6. Sort Codes**

Obtaining and allocating new sort codes for potential new participants was not possible for challenger banks unless they had an existing sponsor bank who was a Bacs Member.

Not all Faster Payments potential participants wished to have or were able to obtain a sponsor bank nor did they wish to become a Bacs Member before becoming a Faster Payments Member. Some potential Members did not wish to disclose their commercial plans to their existing sponsor which they would have to do if they went to the sponsor for a new sort code.

To address these concerns, the Access Programme team worked with the Bacs Bank Reference Data Project to arrange sort codes for new Faster Payments participants as required on an ad-hoc basis until a long term solution is identified and implemented. The outcome has been positive with the Reference Data Manager implementing a new process.

This required setting up a "Utility Bank" in the Bacs Reference data database. This "bank" has been set up to own the 04 lead pair from which new sort codes are being allocated. This process has been proven in test but will only be proven in Live when the first completely new bank using a sort code allocated this way goes live in the next three to six months.

This approach to sort code allocation is a short to medium term solution which works well for FPSL participants. Therefore we believe that sort codes are no longer a barrier to entry even whilst a longer term solution is identified and implemented by Bacs. FPSL continues to work well with the Bacs Reference Data Manager to allocate further bank codes and sort codes as these are needed for new Faster Payments participants.

### **7. Security Architecture and Trust Services (PKI) – Operating the Faster Payments system**

Much as a normal bank customer may place their debit card into a card reader to generate an authentication code, there is a requirement for the identification of individuals who need to access the Bacs Payments Services Web Site (PSW) and the Faster Payments Participant Web Site.

Specifically, identification and authentication is required to:

- log on to the FPSL user interface;
- log on to the Bacs Payment Services user interface in order to maintain FPSL related Bank

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	<p>and Customer Reference Data;</p> <ul style="list-style-type: none"><li>• download reports;</li><li>• set up and maintain Service Users if use of Direct Corporate Access (DCA) or File Input Module (FIM) is to be supported by the PSP; and</li><li>• sign/authenticate DCA or FIM files.<sup>10</sup></li></ul> <p>The technology used to identify users is a Public Key Infrastructure (PKI). Certificates are issued to authorised users by "Certification Authorities". Up to now Bacs Members have set up their own Certification Authorities and their own infrastructure required to operate the Certification Authorities (which might be outsourced).</p> <p>Current Scheme documents require that a Faster Payments participant self certifies its adherence to the Bacs Trust Service Code of Conduct which contains detailed requirements for running a bank's PKI infrastructure.</p> <p>Both the cost of procurement and the certification requirement are perceived as onerous and as a barrier to entry by potential new participants. However a security mechanism is essential to enable FPSL to be certain that it is operating a demonstrably secure system where all participants trust each other.</p> <p>When Faster Payments was set up for speed and efficiency it was decided to use the existing Bacs PKI architecture to secure access to PSW for Faster Payments Members and to the Faster Payments Participant Web Site and for signing DCA and FIM files. This was because the technology existed and all intending Faster Payments participants bar one was already Bacs members. Thus adopting this solution reduced costs and time to market.</p> <p>FPSL decided to investigate the provision of a cost effective Trust Service and issued a Request for Information (RFI) in August 2015 to understand if we could provide a cost effective Trust Service for the industry that is quicker and easier for new participants.</p> <p>We received 10 responses which determined that a cost effective approach was possible and resulted in FPSL running an Invitation to Tender (ITT) process from October 2015.</p>
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<sup>10</sup> DCA and FIM are described in the Faster Payments Service Functional Specification which is a confidential document and is available on request.

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We received three good responses and selected our preferred bidder who completed a 'proof of concept' in April 2016 to test their solution end to end. FPSL is now negotiating the contract with the chosen bidder.

The approach FPSL has undertaken is intended to be flexible, so that if certificates are needed for other purposes then this can be discussed with the Scheme in the future.

The PKI credentials issued will support

- Access to the Faster Payments website
- Signing of Faster Payments Direct Corporate Access and FIM files
- Access to the Bacs Payment Services Web site for Bacs usage
- Signing of Bacstel-IP files for Bacs usage

The intention is to fully support new Bacs Members as well.

The Trust Service is being provided on a cost recovery basis with setup and running costs amortised over the participants that use the PKI service.

The upfront costs of delivering this solution have been met by existing Scheme Participants and will be recovered within 18 months of operation to avoid any medium term cost subsidy between the solution users and other FPS Participants.

### **8. Costs for directly connected settling participants**

FPSL reported in its 2015/16 compliance report that a review of the complete public disclosure of its costs was being considered to ensure no anti-competitive conduct took place. At FPSL's September 2015 Board, full disclosure of costs for direct access were approved and in January 2016, FPSL disclosed all information on fees and tariffs as it possibly could while remaining compliant with competition law on FPSL's website. The disclosure of fees is now publicly available [here](#) and details cost allocation for transaction costs, other FPSL Company costs and PSR's regulatory fees due from directly settling participants to the PSR.

FPSL reviewed its fees for direct access to enable prospective participants to undertake their own assessment and determine if joining the Faster Payments service is right for them. This step gives confidence to new and existing participants of the transparency of the costs involved. Further costs are discussed with potential participants once NDAs have been signed which include any one-off testing and integration.

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FPSL operates on a cost recovery basis and is a not-for-profit organisation. The costs of running the Faster Payments service are met by directly connected settling participants. FPSL will review the disclosure of detailed costs on an annual basis.

The outline costs of participating are provided to participants via the annual Company budgeting process in June 2016 and confirmed in December 2016.

Our cost recovery model was recently amended to consider a number of new participants who are anticipated to join the scheme in 2016/17 and has adjusted the method of cost allocation to a more dynamic methodology that, where possible, more accurately reflects the usage made of the service by each participant. FPSL's cost recovery model follows the PSR's position of services being funded by those who use them.<sup>11</sup>

### **9. Introduction of Pre-funding Settlement Model**

Our commitment to broaden access was described in the PSR's [access and governance report](#) (December 2015) to support greater number of new entrants. In [October 2015](#) we introduced with the BoE a simpler way to guarantee settlement between banks of payments made through the Faster Payments. This new model now guarantees for participating PSPs the settlement between all participants without any shared risk. The new model is of greatest benefit to smaller participants who under the previous liquidity and loss sharing model would have been required to underwrite a share of larger participants' transactions in the event of their failure.

This barrier has now been removed giving future opportunities for challenger and non-traditional participants to benefit from direct access to Faster Payments. Originally FPSL had intended to introduce this enhancement to Financial Stability of Access in 2014. This go live was delayed by a year following the BoE's internal investigation into its October 2014 Real Time Gross Settlement failure.

### **10. New Assurance Model (risk based model)**

FPSL has commenced significant work to develop and progress its new assurance model that targets a more focused and risk based approach to its requirements for new and existing participants and, in due course, aggregators. The key objectives of the new assurance model are:

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<sup>11</sup> PSR Policy Statement PSR PS15/1 March 2015, Executive Summary paragraphs 37 and 38.

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- Existing and new participants are assessed against a set of approved risk criteria to determine the level of risk to the Faster Payments system
- Provide new participants with the clarity on the assurance required by FPSL and support their on-boarding entry to FPS
- Ensure for existing participants, the assurance is commensurate with the level of risk they bring to the system

The new model gives FPSL the assurance needed to support its strategic objectives to discharge its responsibilities as a provider of a systematically important payment service for the financial stability of the UK economy.

FPSL will seek assurances from existing and new participants on annual or periodic reviews (or determined by FPSL) that appropriate controls exist and are robust for the mitigation of risk or threat to the operation of the Faster Payment Service mainly to the Central Infrastructure and to other users of the Faster Payments Service.

The new assurance model provides new participants with greater clarity of the assurances needed whilst reducing the administrative burden in completing questionnaires that are no longer applicable to the participant in question. Under this new model, the assurance required is achieved via a self-certification by the participant's approved officer, countersigned by the participant internal audit function. Similar to the previous model, the signed self-certification is supported by an Assurance Statement to be completed regardless if it is an existing or new participant. The Assurance Statement consists of a series of requirements:

**Class A Requirements:** This set of requirements are critical to FPSL's safe and secure operations and rely on the participant to clearly demonstrate that controls are in place for FPSL to achieve its core objectives and regulatory obligations as a systematically important payment system. An existing or new participant that fails to meet Class A requirements will cause undue risk to FPS and other existing participants of the service. FPSL will expect urgent and corrective action(s) to be put into place immediately. Should this occur, compliance with these requirements must be evidenced.

**Class B Requirements:** Participants are expected to meet and acknowledge the Requirements with confirmation of understanding of the requirements. Unlike Class A requirements, no evidence is required to support the participant's confirmation.

In May 2016, all existing participants received the Assurance Statement to be completed by the end of September 2016.



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The responses will be reviewed and analysed by the Senior Auditor in FPSL before recommending any future changes to the Assurance Statement.

As part of the ongoing process, the Senior Auditor will be actively engaged with individual participants, meeting them to discuss responses that may require further clarification and to discuss any underlying areas of weaknesses / concerns once the Assurance Statements have been received and clarity is sought that requires further detailed information. As part of the onboarding process for new participants who join the Faster Payments Service, FPSL will require all applicants to complete the new Assurance Statement from early 2017.

The frequency of the Assurance Statement will be determined by the level of risk and the participant's share of the market share brought to the Faster Payments service taking into consideration, a tailored approach for new and existing participants. This was approved by FPSL Board in December 2015.

Feedback from the two new participants that have joined in 2016 welcomes the New Assurance Model. For timing reasons, they have both recently completed assurance using our old model. Overall feedback on this process has been that while the requirements have been demanding, the areas of assurance make absolute sense and have provided both new participants with a good check list of questions they both feel they have benefitted from considering.

FPSL Internal Audit are currently concluding a review of this year's onboarding to identify any areas for further improvement in balancing security with ease of access. This audit has included discussions with the two new participants.

### **Ongoing Challenges**

An outline of the challenges we are facing is as follows:

1. Bringing the PKI Service to operation with an acceptable contract
2. Limits to BoE Settlement Account and RCA set up windows in 2017

#### *Bringing the PKI Service to Live Operation*

The contracting process is still underway and we are expecting go live before the end of the year. A standard set of answers for the Bacs Trust Service Code of Conduct will make the Bacs TSCoC certification process easier.

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	<p>Faster Payments and Bacs expect to establish a MoU covering their approach to Trust Service accreditation.</p> <p><i>BoE live dates in 2017</i></p> <p>In July 2016, the BoE advised all Schemes that it had only a limited number of available dates for opening new settlement arrangements during 2017. There were a limited number of slots available to onboard members of retail schemes in 2017 as a result of critical hardware upgrade and unprecedented interest in joining schemes.</p> <p>FPSL continues to work closely with the BoE to minimise the impact of these issues. As at the end of September, FPSL and the BoE have been able to accommodate all new participants that have asked to onboard in 2017, but there are very few available slots for any new requests.</p>								
<p>b) Details of all occasions in the relevant period when an expression of interest in potentially securing direct access or direct technical access has been made and details of the operator’s response to, and outcome of, such expression of interest.</p>									
<p><i>I) Information for publication on expressions of interest and demand for access.</i></p>	<p><i>Complete the following table. Data should be correct as at 30 September 2016.</i></p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th data-bbox="672 887 958 1018"><i>Number of Expressions of interest</i></th> <th data-bbox="958 887 1238 1018"><i>Number of signed letters of intent</i></th> <th data-bbox="1238 887 1525 1018"><i>Number of new members/direct participants during reporting period</i></th> <th data-bbox="1525 887 1809 1018"><i>Number of members/direct participants</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 1018 958 1150">➤ 81</td> <td data-bbox="958 1018 1238 1150">➤ 9</td> <td data-bbox="1238 1018 1525 1150">➤ 2</td> <td data-bbox="1525 1018 1809 1150">➤ 13 (1 of which is a non-settling direct participant)</td> </tr> </tbody> </table> <p><i>Expressions of interest could be expected to include: written communications or verbal notifications (where the interested party has made contact).</i></p>	<i>Number of Expressions of interest</i>	<i>Number of signed letters of intent</i>	<i>Number of new members/direct participants during reporting period</i>	<i>Number of members/direct participants</i>	➤ 81	➤ 9	➤ 2	➤ 13 (1 of which is a non-settling direct participant)
<i>Number of Expressions of interest</i>	<i>Number of signed letters of intent</i>	<i>Number of new members/direct participants during reporting period</i>	<i>Number of members/direct participants</i>						
➤ 81	➤ 9	➤ 2	➤ 13 (1 of which is a non-settling direct participant)						
<p><i>II) Confidential information on demand for access.</i></p>	<p><i>Please complete the table at <b>confidential annex 1</b>. This information will not be published.</i></p>								

## General Directions: Compliance Report

c) Details of all occasions in the relevant period when an enquiry or objection regarding potential changes to the <i>access requirements</i> has been made to the <i>operator</i> and details of the <i>operator's</i> response to, and outcome of, such enquiry or objection.	
I) Specify the number of enquires made in relation to change access requirements	<p><i>(e.g. queries regarding eligibility criteria, queries about operational rules)</i></p> <p>During the reporting year, FPSL has not received any direct feedback in relation to changing the access requirements. The On-boarding team frequently monitor any queries they may receive via a dedicated email address, <a href="mailto:access@fasterpayments.org.uk">access@fasterpayments.org.uk</a>. However there has been a growing interest in the use of cloud computing to support the business of PSPs. FPSL has also spoken with a number of PSPs who would like to self-settle, but do not currently meet the BoE's eligibility requirements.</p> <p><b>Faster Payments Business Hours</b></p> <p>FPSL is working with PSPs and technical aggregators to develop solutions that eliminate 24*7 requests on some PSPs whilst also providing the certainty paying service users expect. FPSL will be issuing a public consultation on FP business hours in due course. Please see GD4 for further detail.</p>
II) Please provide a general explanation of the process you follow in dealing with these enquires.	<p>As mentioned above, there is a growing level of interest in cloud computing, and FPSL has begun a review into the implications of this in regard to how cloud computing can meet the security and other concerns relevant for a systemically important payment system.</p> <p>The other example, the need for Settlement account for non-PSPs, has seen FPSL work with the BoE, as explained above. FPSL continues to work positively with all the requirements and enquires we have received. Further detail of the process and how we respond to enquires we receive can be found on pages 31 and 32 of GD4.</p>
III) Specify the number of objections made to any proposed changes	There have been no objections made to any proposed changes.
IV) Provide a general explanation of the process that is followed to deal with these objections.	Any requests for changes to FPSL's access requirements would be received by the Executive in the first instance. The nature of the change would then determine what further decision making process would be appropriate given PSP competition considerations.
V) Confidential information on enquiries and objections.	<i>Please complete the table at <b>confidential annex 2</b>. This information will not be published.</i>

## General Directions: Compliance Report

<b>d) Details of all occasions in the relevant period when the operator has engaged with, and considered, the views of payment service providers and other interested parties on the operation and effectiveness of its access requirements.</b>	
<i>I) Please provide a general explanation of the process you follow to engage with interested parties.</i>	<i>(e.g. consult, survey, research, etc)</i>  Detailed information on how FPSL engages with interested parties and service users can be found in GD4. However, our principle engagement is provided directly with our onboarding team who have spoken directly to over 80 PSPs.
<i>II) Confidential information on views expressed relating to the operation and effectiveness of the access requirements.</i>	<i>Please complete the table at <b>confidential annex 3</b>. This information will not be published.</i>
<b>e) Details of any anticipated operator review, or engagement with payment service providers and other interested parties, that the operator plans to take over the following 12-month period in relation to its access requirements.</b>	
<i>If you are <b>currently</b> reviewing your access requirements please include a description of that work. You should explain the aim of the work (and how it related to the GD2 obligation), the progress that has been made to date, the way in which stakeholders have informed of the work and the expected completion date.</i>	FPSL is engaged in a cross-Scheme review of eligibility requirements, as part of the review proposed by the Payment Strategy Forum (PSF)'s Simplified Access to Markets Working Group - Common Participation Models Project. This will identify where the eligibility requirements of each PSO differ, will seek to reduce the degree of difference where this would be valuable, making it easier for prospective participants to understand the eligibility requirements.
<i>If you are <b>planning</b> to review your access requirements in the next 12 months please include a description of the planned work.</i>	<b>Flawed Asset Default Arrangements</b>  As the BoE considers the changes it is proposing to its settlement account eligibility requirements is acceptable within the current legal agreements, FPSL will also consider to incorporate the FADA legal

## General Directions: Compliance Report

<p><i>You should explain the aim of the work (and how it related to the GD2 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.</i></p>	<p>documentation into its eligibility criteria. As our criterion already caters for any PSP eligible to hold a BoE settlement account, we do not anticipate a major change for FPSL. The FADA model, or equivalent, is designed to make actual participation easier for non-bank PSPs.</p> <p><b>Corporate Governance</b></p> <p>As mentioned above, the PSF has been looking at trying to identify, prioritise and help deliver initiatives that are necessary for the payments industry to work together to promote collaborative innovation. In the PSF's published draft strategy "Being responsive to user needs", there is a proposition for payment scheme consolidation, with Bacs, Cheque &amp; Credit Clearing Company Limited and FPSL being within scope (together the "In Scope Payment Schemes").</p> <p>FPSL continues to support, collaborate and participate in this initiative which will now be led by a "delivery group" made up of an independent PSR appointed chair<sup>12</sup>, the three independent chairs from the In Scope Payment Schemes and three representatives from the PSF. One aim of this project is to make access to multiple payment systems simpler, faster and cheaper.</p> <p>FPSL is fully supportive and engaged in this initiative and our responses to the PSF's draft strategy can be found <a href="#">here</a>. FPSL will continue to review its access criteria in light of this initiative.</p> <p>During 2016, FPSL has engaged with a variety of stakeholders in its investigations and research into its own corporate governance which it will now be used to feed into the Delivery Group work. This engagement included current directly settling participants, potential participants, FinTechs, a card scheme and regulators. Further information of the process we undertook and the service users consulted can be seen annex 5.</p> <p>The BoE has mandated payment scheme consolidation, the governance for which must be completed by the end of 2017. Further information in respect of the role FPSL is playing can be found in annex 5, with timelines set out in the PSR's and BoE's terms of reference for the delivery group.</p>
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<sup>12</sup> The PSR appointed Robert Stansbury on 21 October 2016 – please see [press release](#).

## General Directions: Compliance Report

	<p><b>Common &amp; Consistent PSO Participation Model &amp; Rules</b></p> <p>The Interbank System Operators’ Coordination Committee (ISOCC) members, with LINK and Paym have initiated a project to address the ten detriments<sup>13</sup> identified by the PSF’s Simplified Access to Markets Working Group. The project is funded by the Schemes and a Project Manager has been appointed. A stakeholder group of new challenger and existing PSPs has been assembled who are providing guidance and reviewing output to ensure it is fit for purpose. This group has agreed the principles to be used to create the output.</p> <p>The project is working on the following detriments; common terminology, eligibility criteria, Scheme comparisons and the categorisation of Participants, for the remainder of 2016. This will allow time to organise the work of the more complex detriments in 2017.</p> <p>During 2017 the Common &amp; Consistent PSO Participation Model &amp; Rules Project will be tackling the more complex detriments of Engagement, On-Boarding and Document, Assurance and Rules. This work will need to work with the recently announced governance changes for the Payment Scheme Operators to ensure goal congruence and efficient implementation. Central Project funding is being secured with the ISOCC members and LINK for 2017.</p>
<p><b>f) Details of any anticipated future developments that the <i>operator</i> considers may require or justify material updates or changes to its <i>access requirements</i>. (N.B. please note the guidance provided at 2.5 in the General Direction)</b></p>	
<p>Please provide an explanation of the anticipated future external developments you have identified.</p>	<p>Please see section C III above for BoE settlement account eligibility.</p>
<p>Please provide an explanation of how any of these developments could have an impact on your access requirements.</p>	<p>FPSL has considered the direct participation of non-bank PSPs access, specifically EMIs and PIs and have established that our eligibility criteria of the Scheme are fit for purpose and no changes are required to guarantee the provision of a safe, reliable and resilient service and support the maintenance of financial stability in the UK economy at present. We continue to work with the BoE, PSR and HMT to assist policy amendments to SFD to help non-bank PSPs access BoE settlement accounts and to participate in FPS. External to the eligibility criteria, an area FPSL is considering with its regulators is what could be deemed an accountable signing authority equivalent to the Senior Managers Regime (SMR) and through our Risk Committee examine how to utilise external audit processes to ensure that we have the appropriate level of assurance required for a systemically important payment system. FPSL discussions are ongoing.</p>

<sup>13</sup> These include: 1. Common terminology 2.Common eligibility criteria 3.Categorisation of participants 4. Articulation of payment products common by PSO 5. Engagement with indirect participants prospective entrants and providers 6.Rules, Procedures and Participant Agreements 7.Technical Accreditation process 8.Assurance process 9. Onboarding process and migration to common connectivity model 10. Access to information and documentation.

## General Directions: Compliance Report

## Form C - General Direction 4

Please complete the form below, ensuring that you respond to each section of the paper. The **main headings** relate to the reporting requirements of general direction 4 (4.2, a-c). The *sub-headings* provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

**a) self-assessment by the operator on compliance throughout the relevant 12-month period with the obligation in General Direction 4.1 (requirement to ensure that there is appropriate representation of the interests of service-users in the operator's govern body's decision-making process).**

*I) Please provide a statement as to whether you consider that you have complied with the obligation in Direction 4.1.*

*You should cross-refer to a statement of compliance from your responsible person.*

This report details FPSL's ongoing engagement with its existing and potential service users<sup>14</sup> and our longer-term service user engagement (SUE) and representation of thoughts and ideas. It demonstrates how FPSL is, and will continue to be, engaged with its service users at all levels of the Company, from Chief Executive and Board down, and that, through the appropriate channels, the interests of service users are represented at governing body and board level.

In addition, FPSL has, in the last year, developed its Service User Principles that clearly outline the Scheme's mission and core values in regards to its engagement with existing and potential service users. These principles will be the driver of FPSL's longer-term commitment to continue to engage effectively with a full spectrum of service users and are defined as follows:

**Principle One - Inclusion**

We promise to give our service users the opportunity to influence our decision-making which affects them and their needs. Through our engagement activities, they will have the opportunity to share their views, participate in identifying long-term needs and interests and contribute their input to address issues.

<sup>14</sup> The definition of service users as stated in the PSR Policy Statement [here](#) is as follows, 'service-users as including both PSPs and customers of PSPs, including government departments, businesses (of all sizes), charities and individual consumers'.



## General Directions: Compliance Report

### **Principle Two – Collaboration**

We promise to educate ourselves and service users and we will investigate innovative ideas and solutions. We want to join hands with organisations and experts who wish to share and combine knowledge in delivering tangible ideas that will have enduring benefits for our users and we will make them freely available to all.

### **Principle Three – Responsiveness**

We promise to document service users' needs and interests and assess them internally. The outcome of these assessments will help inform the company's decisions and actions as and when appropriate. We will then go back to our service users to inform them about the outcome of our assessment and will explain the rationale for our decisions.

### **Principle Four – Integration**

We promise to integrate our service users' needs and interests into our decision-making processes. Users' views, needs and interests will serve as the Scheme's guideline to ensure that FPSL continues to deliver a safe and secure service and develop innovative products and services for the greater good of our users. When looking at solutions, FPSL will avoid universal one-size fits all solutions. Instead, it will balance the needs of across all segments to create flexible options that will benefit a wide range of users.

These principles have evolved from an initial set of board-approved Service User Principles developed in 2015 and have been integrated into the new FPSL Service User Engagement Strategy ("the Strategy") created in 2016 (see annex 5). These revised principles, updated in order to better reflect the new FPSL Strategy, were adopted by FPSL Board in October 2016.

FPSL will periodically review its processes and approach against this set of principles to guarantee that we continue to offer safe, fast and reliable services to all our service users.

### **Statement of Compliance**

The existing and new processes and activities described in this report have been developed to ensure that FPSL fully complies with the requirements and obligations described in the PSR General Direction 4. The new engagement and decision-making processes and activities have been developed to create a structured framework, formalise our engagement and ensure that all our service users' interests are represented into our decision-making processes. FPSL considers that the organisation is in compliance with the obligation in 4.1 for the reporting period.

## General Directions: Compliance Report

<p><i>II) Please provide us with an explanation and evidence as to why you consider that your governance arrangements and internal processes mean that there is appropriate representation of the interests of service-users in the operator's governing body's decision-making processes.</i></p>	<p>FPSL is a relatively small organisation (circa 35 staff) and has adopted a flat organisational structure with few management layers to facilitate its internal decision-making processes. To ensure that all users' views, ideas and feedback are represented and considered throughout the different stages of our decision-making processes, the Scheme has developed a formal Service User Engagement process in the course of 2016.</p> <p>This process was developed during Q2 2016 and is currently being rolled out and embedded into the Business As Usual processes within FPSL. The process is structured as follows:</p> <ol style="list-style-type: none"><li>1. Engagement with service user (initiated either by user, user representatives or FPSL)</li><li>2. Service user shares their concern, idea or feedback</li><li>3. FPS employee documents the feedback, concern or idea in the Service User Log ("the Log")</li><li>4. FPSL will discuss it internally with the appropriate in-house expert(s) to consider if the Scheme can provide the user with a solution/response, assessing feasibility as part of this internal review</li><li>5. If FPSL cannot help the user, the FPSL employee responds to the service user and explains why the Scheme could not provide a solution</li><li>6. Or, if FPSL believes it can provide a solution:<ol style="list-style-type: none"><li>a. FPSL employee determines the most appropriate way to assess this information internally (e.g. workshop, meeting) with all subject matter experts to discuss a potential solution – initial assessment</li><li>b. If it appears that FPSL can deliver a solution, the employee writes a business case /case study to be presented to the appropriate Committee (e.g. Development Forum) or Executive team within FPSL – Concept definition</li><li>c. If the Committee/Executive team agrees that the issue requires resolution or investigation, a high level business case is prepared to evaluate the need for the solution (product/service) and examines the likely resource and cost impact. This phase may include a Change Request to the Supplier to understand possible cost/delivery implications - Analysis</li><li>d. Once potential solution(s) are identified and costed, the proposal is reviewed by the Executive, which will present a business case to the relevant Committee(s)</li><li>e. If there is no strong evidence that a solution is viable, then the project goes no further, the service user is advised, and the outcome recorded in the Log</li><li>f. If the solution is viable, the project will be approved through the appropriate governance process. The employee will also update the service user</li><li>g. Once the project is approved, FPSL moves into product development, testing and market testing phase. During the development process, service user consultation will be used to ensure that deliverables meet their need</li><li>h. Product/service is launched and service users are informed</li></ol></li></ol>
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## General Directions: Compliance Report

This process has been approved by the FPSL Executive and the FPSL Board. The Board will conduct an annual effectiveness review of this new process and FPSL is planning to conduct an internal audit to assess the effectiveness of the process in 2017.

In addition, a new item "Representation of Service Users" has been added as an agenda item at the beginning of all Board reporting or Executive Committee meetings to remind the meeting participants that the interests of service users must be appropriately represented in the Scheme's decision-making processes.

The additional item has been incorporated in the board minutes published on the FPSL website (see [here](#)). Also, Board agreed in February 2016 to use a Service Users Framework ("Framework") for each decision that the board, a board committee or a management committee reaches. The Framework provides a discussion point amongst all participants at Board and / or committee and ensures that service users are at the heart of FPSL's decision-making processes.

The formal process in place to ensure that the interests of service users are systematically considered requires relevant FPSL employees to apply the Framework (below) in relevant papers as standard. Since the launch of the Framework six months ago, we are working on refining this Framework to be more embedded with other committee meetings.

### **Framework: Representation of Service Users**

<b>Q1) Which service users might be impacted by this decision?</b>
<b>Q2) How have we consulted with service users and how have their interests been considered in our decisions?</b>
<b>Q3) How should we communicate any impact of this decision to service users?</b>

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Finally, FPSL Board includes three Independent Non-Executive Directors (INEDs) whose role includes the broad responsibility to consider the public interests of all service users impacted by any decision of the board. These directors additionally hold a veto in Board decisions where they believe a decision will not be in the public interest.

FPSL is committed to act in the best interests of its service users. To achieve this, FPSL consults with a wide range of service users on a regular basis to better understand their needs. FPSL has represented its service users' interests in its decision-making processes. Some of these consultations with service users may result in changes of FPSL products, services and / or in the Scheme's rules. Below are some examples demonstrating how service users' interests have been represented into FPSL decision-making process and led to changes in our products and services.

### **Direct Corporate Access (DCA)**

When DCA was initially developed, it was designed to meet the batch submission needs of corporate customers accustomed to direct submission into Bacs and was operating on a 08:00 to 15:00, Monday to Friday basis. Over time, with feedback from service users (both direct to FPSL and via the sponsor bank to such users), DCA's availability has been extended via a series of step changes to 24\*7 (with the exception of planned maintenance/enhancement outages on several weekends per annum). This has helped broaden the use of DCA, enabling users to send payments at the times that meet their customer needs. DCA is currently being reviewed further to service users' feedback.

### **Security Architecture and Trust Services (PKI)**

PKI is a perfect example of how FPSL actively listens to and responds to its service users' needs. The new PKI service is being created to serve service users' best interests and reduce barriers to entry. For further information on PKI see section A III in GD2.

The following two examples show how engagement with users may lead to major changes in FPSL rules and potentially the BoE rules.

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### **Faster Payments Business Hours**

Prompted by discussions with a number of smaller PSPs,<sup>15</sup> FPSL has been discussing the possibility of relaxing the 24\*7 availability requirements associated with direct access to the Central Infrastructure.

This would reduce potential entry barriers to real-time payments for PSPs. Some PSPs do not operate on a 24\*7 service for their customers. FPSL takes the view that they should not need to be available to send payments at times when they cannot receive instructions from their customers. Conversely, other PSPs' customers sending payment to this type of institution should expect normal validation of receipt of these payments 24\*7.

FPSL is working with PSPs and technical aggregators to develop solutions that eliminate 24\*7 requests on some PSPs whilst also providing the certainty paying service users expect. FPSL will be issuing a public consultation on FP business hours in due course.

### **Flawed Asset Default Arrangements (FADA)**

As discussed in more depth in GD2 section A III, FPSL has been engaging with the BoE to consider the rules and provide an alternative settlement solution for non-bank PSPs. These solutions have been developed in conjunction with interested PSPs following analysis and research into their specific needs.

### **Further evidence of FPSL engagement during the reporting period**

In the last 12 months, FPSL has been actively engaging with a wide range of service users and has been responding to their various needs and interests. FPSL was involved in approximately 180 engagement activities (ranging from face-to-face meeting to conferences, workshops and events). All six<sup>16</sup> of our user segments were fairly represented in the Scheme's decision-making process.

Key subjects and themes discussed with service users during this period included: Request for Payment, increasing the scheme limit, DCA, access, innovation, emerging payments, regulation, Brexit and Payment Services Directive 2 (PSD 2), data sharing and open data for banks, blockchain technology, fraud, cross-border payments, Single European Payments Area (SEPA), FADA, financial inclusion, small businesses and cash flow management issues, bank branches closure, elderly / vulnerable consumers and their payments experience and Scheme consolidation.

<sup>15</sup> The PSR have been provided with the Service Users Log that describes the ongoing discussions with service users.

<sup>16</sup> Faster Payments has classified its main service users into six segments. These include: consumers, businesses, third sector and charities, PSPs, FinTechs and government. These segments are documented in the Service User Engagement Strategy.

## General Directions: Compliance Report

	<p>To see the full detail of FPSL engagement activities, please refer to the Log in annex 4.</p>
<p><i>III) Please explain the process that you have in place to collect service users' views (e.g. forms/user groups, surveys and research, meetings and request, consultation).</i></p>	<p>FPSL has a policy and framework in place to promote inward and outward dialogue and ensure that service users' views are collected and responded to, as described in the Strategy. The Scheme also appointed a dedicated Service User Engagement Manager in Q1 2016 to ensure that this becomes embedded in the day to day processes of the Company.</p> <p>FPSL is and continues to be actively engaged with, and collect views from, a wide range of service users through a variety of channels, which include: face to face meetings, events and conferences, (technical) workshops, website, committees and Board.</p> <p>All service users' views and feedback are collated and recorded in a central repository; the Log, managed by the Service User Engagement Manager. This document is regularly updated as we interact more widely with our service users and reviewed on a quarterly basis to ensure progress on service users is being addressed.</p> <p>Further detail of FPSL's engagement channels with our service users and the way in which information is documented and assessed is described below.</p> <p><b>External process of collecting and documenting service users' views</b></p> <p><b>Direct interaction with service users</b></p> <p>FPSL has a number of dedicated email addresses that allow prospective participants, participants of the scheme and all other service users to contact us:</p> <p>For access enquiries: <a href="mailto:access@fasterpayments.org.uk">access@fasterpayments.org.uk</a>          For general enquiries: <a href="mailto:enquiries@ukpayments.org.uk">enquiries@ukpayments.org.uk</a>          For complaints: <a href="mailto:complaints@fasterpayments.org.uk">complaints@fasterpayments.org.uk</a></p> <p>The Access team manages the "access" emails directly while the general enquiries are managed by the Communications team.</p> <p>When the FPSL Communications team receives a general enquiry or a complaint, they will respond to it within a maximum of five working days. If the enquiry cannot be readily answered by the Communications team (e.g. if the enquiry is too technical or might have a reputational impact on the Scheme), they will forward it to the relevant person within Faster Payments for a response. On some occasions, FPSL will arrange a meeting or a call with the user to understand the enquiry in more detail and propose a solution if suitable. From</p>

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September 2016, this process has been revised to ensure the Service User Engagement Manager is aware of and documents the topics/main concerns discussed by service users (see section c).

Over the last 12 months, FPSL has received 142 public enquiries and complaints, with all bar one of these having been responded to within FPSL's Service Level of five days.

### **Electronic Payments Affiliate Group (EPAG)**

Since 2011, FPSL has co-led the EPAG with Bacs. This is a quarterly meeting of interested service users (corporate, government, FinTech and non-participant PSPs) where updates of FPSL and Bacs' developments and projects are provided, and attendees are able to provide feedback, share views, and question the Schemes on their strategy and other activities. Feedback is taken through the appropriate governance channels – following FPSL's decision-making process - and reported to Board as and when appropriate. Additionally, an FPSL INED attends most of the EPAG meetings and is therefore able to engage directly with service users.

In September 2015, FPSL gave the affiliates a full update on the Scheme's key activities; volume growth, credit payment recovery, prefunded settlement, ASPM, laying the rails for innovation Current Account Switching Service (CASS), Paym and overlay services), Scheme limit increase and access.

In November 2015, FPSL gave the affiliates a full update on the Scheme's Board discussions and activities.

In February 2016, FPSL discussed credit payment recovery with the affiliates and gave an update on the Scheme's activities including; the Scheme limit increase, access and the Request for Payment.

In May 2016, FPSL presented the new Service User Engagement Strategy to the affiliates and led a breakout session for the Request for Payment to obtain feedback on the concept. Further detail is given below.

#### *Service User Engagement Strategy*

At the May 2016 EPAG meeting, FPSL's Service User Engagement Manager presented the Scheme's Service User Engagement Strategy, followed by a Q&A session to gather attendees' feedback on the Strategy and on Faster Payments' products and services in general. The majority of attendees said that they were very happy with the services FPSL provides.

A FinTech Company wanted specific feedback on FPSL's Direct Corporate Agency (DCA). The Service User

## General Directions: Compliance Report

Engagement Manager and the Head of Development followed up with a one-to-one meeting with the FinTech Company. The outcome of the meeting was for FPSL to evaluate the possibility of enhancing DCA.

Further discussions were held internally with subject matter experts to consider the FinTech's proposal. At the time of compiling this report, the Scheme is engaging with various participants and is assessing which other user groups could benefit from a revised DCA proposition. FPSL has organised a workshop with VocaLink in September 2016 to further discuss the technical delivery options for a revised DCA proposition. FPSL continues to assess the different options with DCA. This will follow the standard FPSL process and all stakeholders will continue to be informed throughout this process.

The EPAG meeting in May demonstrated how this platform enables FPSL to provide service users with updates on the Scheme's activities and how it collaborates with and listens to users' views and feedback.

### *Presentation on Request for Payment*

The Senior Product Manager organised a breakout session with the attendees to obtain feedback on Request for Payment, a project on which the Scheme has been working since late 2015. The attendees were divided into three groups, each group using a prototype application to demonstrate the concept and were asked to complete a questionnaire. The prototype used during the meeting is the result of extensive research, supported by an external research Company hired to conduct the market research on Request for Payment and who has been engaging with a wide range of billers, consumers, government departments and other organisations.

After the meeting, the questionnaire was sent to all registered attendees. Some of the attendees who were not at the meeting asked for a face-to-face meeting to see the prototype. The Service User Engagement Manager and Senior Product Manager followed up with them. The EPAG meeting in May demonstrate how this platform enables FPSL to provide service users with updates on the Scheme's activities and how it collaborates with and listens to users' views and feedback.

In August 2016, FPSL gave a Board update, discussed the progress made on the Access programme and the PSR Forum.

In September 2016, FPSL gave an update on key activities including new and potential Participants, the new aggregators certification programme, PKI, sponsor services, PSR updates, PSF draft strategy and provided an update on its new service user engagement programme.

The new engagement programme was well received and affiliates commented on the positive impact it had



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already (FPSL shows that it is open to new ideas, innovation and supporting users' views).

### **Conferences, roundtables and events**

FPSL's Development team participates in a number of conferences, roundtables and events each year to engage with their service users, understand their needs and key industry issues. Below are some of the events and conferences FPSL attended to in the last 12 months. For the full list, please refer to the Log (annex 4).

- EPAG – See section above
- Government Engagement Advisory Group (GEAG) – Quarterly meetings – Platform for discussions between the Government and key players in the payments industry. It provides the Government (as a user) with an opportunity to discuss key issues with payments operators and for the operators to share their knowledge and expertise with the government. Considerations of emerging payments issues/opportunities are also discussed
- Vocalink "Inclusive by Design" roundtable - Discuss financial inclusion and how to provide a more flexible payment system with key stakeholders (including consumers and business representatives, banks, PSOs). The Request for Payments was discussed and presented as a key solution to some of the issues discussed then
- Vendorcom conferences – FPSL attends some of the Vendorcom events on ad-hoc basis. These events provide FPSL with the opportunity to engage with some of its service users and increase its knowledge on key industry trends and regulations
- PayExpo – Great networking opportunity to discuss with a large number of our service user groups. This event also increases FPSL knowledge on emerging payments trends and key industry news.
- Money2020 – The world's largest payments and financial services innovation event. With over 10,000 attendees and key players in the payments industry, it provides FPSL's CEO with the opportunity to engage with our service users, educate them about Faster Payments and discuss key industry trends and potential ideas/innovative solutions in the payments industry. Also helps FPSL to keep abreast with the latest trends in our industry and improve its understanding on consumers' behaviour and needs

Please refer to the Log (annex 4) for the complete list of events/conferences FPSL attend to.

These activities are often the catalyst of pro-active user engagement activities and collaboration. For example, in May 2016, the Senior Product Manager and Service User Engagement Manager went to the "Inclusive by design: Financial empowerment through a more flexible payment system" event organised by Toynbee Hall and VocaLink. At this event, both managers engaged with Age UK, The Federation of Small

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Businesses and Toynbee Hall and followed up with one-to-one meetings to discuss their key needs and issues and assess whether FPSL could provide them with a solution. NB: these discussions are ongoing.

One particular example demonstrates how FPSL is fostering dialogue between different user segments to create a better environment for innovation and competition. Further to this event and a subsequent one-to-one meeting with Age UK, Age UK were invited to FPSL's Development Forum in July 2016 to speak about issues faced by elderly people when making payments, and how solutions such as voice recognition would make a positive difference to such users. This session was designed to expose these ideas to FPSL's participants, so that they can consider such concerns when designing the services they deliver to their customers. In this case, there is no specific action for FPSL – as we were facilitating dialogue between Age UK and the PSPs that offer customer propositions.

### **Collecting and documenting specific service user views**

#### **Service Users Log**

As discussed at the beginning of this section, the Log is a centralised document which is updated regularly and reviewed on a quarterly basis. This document is managed by the Service User Engagement Manager. See section C for further detail please refer to the Log in annex 4.

#### **Bilateral Meetings with Existing and Potential Service Users**

FPSL is actively engaging with a wide range of existing and potential service users and representative bodies (see the Log for detail). In the course of Q2 2016, the Service User Engagement Manager developed a Service Users Map (see section c for more detail) to ensure that FPSL engages with and considers the views of a variety of user groups and does not focus solely on PSPs or aggregators. The aim of these meetings is to increase awareness of the Scheme, educate service users about FPSL's products and services and to ensure that service users have the opportunity to share their views, feedback, ideas and concerns in regards to their payment experiences in general or their experience of FPSL. In addition, a new Service Users and Issues Map has been developed to drive a more proactive engagement approach and ensure that we engage with all segment groups. This Map helps define and identify FPSL's main service users groups and sub-groups and to better understand their needs and interests.

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### **Bilateral Meetings with existing and prospective Participants**

FPSL's Participant Onboarding Managers are dedicated to meeting with prospective participants, FinTechs and PSPs to discuss their specific requirements, explain what FPSL is able to offer them, and support their ambitions to connect to the system. The document in annex 1 is used by the Participant Onboarding Managers to track and update the progress of each meeting including any follow up actions.

### **Participant Performance Manager**

The Participant Performance Manager is responsible for managing the relationship with Scheme participants in relation to operational matters, ensuring that they meet expected performance standards as detailed in FPSL procedures and Service Level Agreements. A key focus for the role is to lead on matters relating to the CASS by being present at the Redirection Committee (attended by all FPSL Participants) monitoring their redirection performance and taking action as appropriate. This activity ensures that Participants continue to deliver the appropriate level of service to users.

### **Credit Payment Recovery Participant Group (CPRPG)**

This Group, which meets on a bi-monthly basis and is facilitated by the Participant Performance Manager was set up in October 2015 to ensure its Participants (who extend beyond the directly connected participants in the Faster Payment service) are compliant against the process administered by the Group that was officially embedded into the Scheme rules for both Bacs and FPSL on 1 July 2015. The Participant Performance Manager collates management information data from the group and circulates it at each meeting as a benchmarking exercise to allow open dialogue for key concerns and / or issues for discussion. The key purpose being to ensure that CPR Participating PSPs adhere to the process that protects consumers from the impact of misdirected payments.

### **Bilateral product review meetings with existing Participants**

Since being appointed in 2014, the Senior Product Manager holds regular meetings with Participants to discuss issues/ideas that cannot be discussed during the bi-monthly Development Forum due to confidentiality issues (for example if an individual Participant has an idea that could give them a competitive advantage).

The effectiveness of these meetings has been reviewed this year by the Service User Engagement Manager. All Participants said that these meetings were crucial for them as they enable discussion of issues they do not want other Participants to know about and to receive updates on key activities of the Scheme.

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	<p>It is also a good platform to brainstorm ideas and update participants on key industry news and service users' needs and feedback. The new FPSL process ensures that all Participants' feedback is logged in the Log.</p>
<p><i>IV) Please explain the process that you have in place to ensure these views are represented at board level (eg INED, service users represented on the board, board sub-committees).</i></p> <p><i>Give examples of views that have been considered by the board and the outcome of that consideration.</i></p>	<p>FPSL has fair, clear and transparent governance arrangements which follow best practice and promote safe keeping of the public interest. Some examples of steps FPSL has taken from which every Participant (whether new or incumbent) and the end user can take comfort are as follows:</p> <ul style="list-style-type: none"> <li>(i) the appointment of two INEDs in 2013 and a further one in 2014;</li> <li>(ii) each INED has express responsibilities to protect the public interest. This obligation is set out in each INED's terms of service, and in FPSL's Articles of Association, which are available on the FPSL website <a href="#">here</a>.</li> <li>(iii) the public interest obligation mentioned in (ii) above includes a broad responsibility to understand and represent the needs of service users; to "look at the Scheme and payments industry for the long term benefit of the UK, its citizens and businesses; with particular emphasis on the customer needs, competition, innovation, reducing barriers to entry in the industry";</li> <li>(iv) an INED is allocated to each new participant planning to join the system to give them a point of escalation, independent of the FPSL Executive and a voice at the Board before they actively participate in the system;</li> <li>(v) INEDs are appointed as Chairs of the FPSL Board, Rules and Governance Committee, Appointments and Assessments Committee, Risk Committee, Remuneration Committee and Audit &amp; Finance Committee;</li> <li>(vi) Every board director and Company member is of equal standing: every director at Board level has one vote, and every Company member at Companies Act member level has one vote, irrespective of the size or clearing volume of an institution; and</li> <li>(vii) Board effectiveness reviews are carried out on a regular basis which assess the Board, and include Company member engagement.</li> </ul> <p>Each of these elements should give confidence to service users, from direct participants to prospective participants and end users that they have the ability to contribute to the running, strategy and direction of FPSL where appropriate, and that the Company is operated with propriety.</p> <p>To ensure FPSL' service users' views and feedback are represented at board level and in addition to the Framework described above, a monthly meeting is organised between the Service User Engagement Manager</p>

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and one or more of the INEDs. These meetings are held to provide INEDs with feedback on key engagement activities in the previous month, including the various meetings held with services users and information gathered by other FPSL employees.

The INED then reports back to the board if and when necessary. This information is also logged in “the Log”.

Going forward, there will be a Service User Engagement section added to the CEO’s quarterly report to the Board. This report will highlight FPSL’s main engagement activities, talk about service users needs and interests, inform the Board about key/emerging industry trends and explain what FPSL’s activities and their impact on users.

### **FPSL Development Forum – Previously the Development Committee**

The Development Forum meetings are chaired by the Head of Development. Initially, these meetings were held on a monthly basis. However, further to feedback received by the Participants in 2016 (as part of the new Service User Engagement programme which reviewed FPSL’ services) they have been moved to bi-monthly face-to-face meetings at FPSL’s offices. Alternating teleconference meetings will only be held if need arises from either the Participants or FPSL. Please refer to the FPSL Development Forum Terms & Reference document for more information in annex 5.

The topics discussed at these meetings vary depending on the Participants’ needs and / or FPSL’ activities or key regulations. They include; new ideas, progress of all live projects, any issues that may arise, regulatory changes that may impact projects, change requests, group feedback, enhancement requests and service users views and feedback. Examples of issues brought to Development Forum are: DCA service, Request for Payment, Payments sub-types, FPSL Business Hours and increasing the Scheme transaction value limit.

All Participant organisations attend this Forum, which reports to FPSL Executive and are given the opportunity to provide any ideas on behalf of their own institution or their service users. By the end of 2016, technical aggregators will also be attending these meetings.

The examples below demonstrate the effectiveness of service users’ representation at Board. After consideration, service users’ views influenced the Board and led to changes in FPSL’s products and services.

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### **Request for Payment (effectiveness of SUE in Board decision making)**

The Request for Payment demonstrates how the FPSL' decision-making process can bring innovation in the payments industry that provides service users with more payments options and more control over their finances.

Over the last few years a small number of enquiries had been made to FPSL as to whether it had plans to introduce a "faster Direct Debit". FPSL management considered this, and having also had feedback from financial inclusion experts, identified that a more beneficial solution may be to introduce a mechanism whereby payers maintain more control over the amount and timing of debits to their account. FPSL validated a high level concept with a range of service users, and their feedback was presented to FPSL Board in order to secure funding for further research. This user-centric market research, with service users that operate as payers and / or billers, and PSPs has been reported back to Board in both March and June 2016, and the Scheme is now establishing a Cost Benefit Analysis to further support the concept.

FPSL is driving two pieces of research; one on service users (payers, billers, PSPs) and another one on the cost/benefits of the Request for Payments to the UK economy. The Scheme will share the output of these market research with the Strategy Forum to help with the prioritisation and sequencing of the various initiatives proposed in their strategy.

**New Access Model** (see section I and II in GD2)

### **Increasing the Scheme Transaction Value limit**

A number of existing and potential business and corporate users told the Scheme that they would be more likely to utilise FPS services if the Scheme Transaction Limit was set to a higher level. These views were included in the Scheme's considerations in 2013 and formed part of the recommendation to increase the limit that was approved by Board in September 2015, and enacted in November 2015. The Scheme initially planned to deploy this change shortly after the introduction of Pre-funding in 2014, a key enabler but had to delay deployment following the 12 day delay to prefunding caused by the BoE RTGS outage in October 2014.

Service users were informed of these changes through a variety of channels including on the Company's website, press releases, Q&As and meetings. Service users have since raised a concern that Participants have not raised their own channel limits and this was reported to the Board in September and the Chairman has agreed to raise this point with Participants. Please refer to general direction 2 for additional background.

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<p><i>V) Please explain the process that you have in place to ensure that service-users get general and specific feedback from the board and understand the rationale for the board's decisions.</i></p> <p><i>Give examples of such feedback being provided.</i></p>	<p>Given the flat organisational structure of the Scheme, the Board empowers FPSL representatives to provide general and / or specific feedback to the Scheme's service users on their behalf. In addition, all FPSL employees follow the process described in section II of this document to ensure that all service users receive regular feedback from the Scheme.</p> <p>Service users receive feedback via a number of channels including face-to-face meetings, phone calls or emails. When possible, the information is also made public on the Scheme's website, including the Board minutes published on the website once approved. In addition the Service User Engagement Manager oversees the Log to ensure that all service users who have provided input, receive feedback.</p> <p>Below are some examples of how, once the Board has been presented with a project, FPSL representatives provide service users with feedback and outcome of the Board's consideration of service users' views.</p> <p><b>Request for Payment</b></p> <p>Every time the Board was presented and reviewed the Request for Payment, a FPSL representative (usually from the Development team) would go back to a range of service users to update them and provide them with the Board feedback. This was done through face-to-face meetings, the PSF and the EPAG meetings (amongst other channels).</p> <p><b>Increasing the Scheme Transaction Value limit</b></p> <p>Once Board agreed to increase the Scheme transaction value limit, service users were notified of the Board's decision via the EPAG meeting, face-to-face meetings, and press releases via FPSL's website.</p> <p><b>Electronic Payments Affiliate Group (EPAG)</b></p> <p>Service users receive regular specific/general feedback from Board through the EPAG meetings. These feedback are presented to them by either the INEDS or the CEO.</p>
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<p><i>VI) Please highlight any changes that have been made to your governance arrangements and internal processes over the relevant period. Where changes have been made, please explain how they better meet the obligation in General Direction 4.1.</i></p>	<p>Since 2015, FPSL has made a series of changes to ensure that the Scheme provides its users with the best solutions and services possible. Amongst these changes are:</p> <ul style="list-style-type: none"> <li>• The appointment of a Service User Engagement Manager whose main role is to formalise and manage the Scheme’s engagement with its service users – February 2016</li> <li>• New Service User Engagement Strategy – Confidential (for PSR only). See annex 5</li> <li>• New Service User Principles – See section I of this document</li> <li>• INEDs monthly meetings with the new Service User Engagement Manager</li> <li>• New FPSL decision-making and engagement process - See section II of this document</li> <li>• Standing agenda item at Board (see section II)</li> <li>• Service user section in all relevant papers to Board/committees (see section II)</li> <li>• Officers from potential Participants are invited to attend Board, strategy day and Committees as observers prior to joining the Scheme. Raphaels and Metro have taken advantage of this in 2016.</li> </ul> <p>The changes above have been made to ensure that FPSL has a formal framework and processes in place to engage with and represent the interests of a wide range of service users in the Scheme’s decision-making processes.</p>
<p><i>Please provide examples of how this service user representation is captured in the decisions of your board when performing its functions and duties.</i></p> <p><i>For example – How do you ensure that your strategy captures service-user needs?</i></p>	<p>Examples of how this service user representation is captured in the decisions of your board when performing its functions and duties are described within the sections of GD4 above.</p>
<p><b>b) Details of all occasions in the relevant 12-month period when the operator has engaged with, and considered, the views of service-users (including indirect payment service providers) and other interested parties on the effectiveness of the representation of the interests of service-users in its decision-making processes of its governing body.</b></p>	



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<p><i>I) Confidential information on engagement with service-users.</i></p>	<p>Please complete the table at <b>confidential annex 4</b>. This information will not be published.</p> <p>In the past 12 months, the views of service users on the effectiveness of the representation of their interests in the Scheme’s decision-making processes of its governing body have been captured informally (throughout engagement activities with users).</p> <p>From 2017, the Scheme will conduct a survey to assess the views of service-users on a more formal and structured manner.</p>
<p><b>c) details of any anticipated review, or engagement with service-users (including indirect payment service providers) and other interested parties, that the operator plans to take over the following 12-month period in the representation of the interests of service-users in its decision-making processes of its governing body.</b></p>	
<p><i>If you are <b>currently</b> reviewing or changing your engagement with service-users please include a description of that work. You should explain the aim of the work (and how it relates to the General Direction 4 obligation and any relevant concerns or focus areas we have identified), the progress that has been made to date, the way in which stakeholders have informed the work and the expected completion date.</i></p>	<p><b>Service Users Map</b></p> <p>As part of the new Service User Engagement Strategy developed by FPSL, the Service Users Engagement Manager has developed a FPSL Service User Map.</p> <p>The eight main segments identified are: consumers, businesses of all sizes, third sector and charities, trade associations, PSPs (including bank and non-banks, existing and potential Participants), Fintechs, overlay services, government departments. The aim is to ensure that a wide range of service users are identified and that FPSL is proactively engaging with its users rather than reactively. NB: The service users identified are part of the wider FPSL stakeholder group.</p> <p>The Service User Engagement Manager is currently working on defining at a more granular level who to talk to within each segment. This procedure will be ongoing as the Scheme continues to increase its level of engagement with all its service users.</p> <p><b>Meeting / Event Report</b></p> <p>Last year, Faster Payments reported that its Product Manager had developed a draft call report template to log our engagement with our service users and for those who engage with us directly. Our dedicated Service Users Engagement Manager has been on board since February 2016 and has developed a meeting/event</p>

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	<p>report superseding the Call Report.</p> <p>The aim with these documents is to assist FPSL employees to capture key issues, views and feedback from users during a meeting or event and log the information so internal discussion can then take place to discuss whether FPSL can provide its users with a better solution, product or service.</p> <p>All of this information will then be summarised in the FPSL Service Users Log and is summarised in the quarterly Board report on Service Users Engagement.</p> <p><b>General Enquiries – Revised process</b></p> <p>From September 2016, a new step will be added to the way enquiries and complaints are managed. Once a month, the FPSL Communications Team will send a summary of all the complaints and enquiries they received with a short description of the matter discussed to the Service User Engagement Manager. This information will be assessed by the Service User Engagement Manager and will be documented in the “FPSL Service Users Log”. The objective is to ensure that the Scheme is aware of its service users’ interests and concerns and takes action accordingly. This will be included, where appropriate, in the discussions with the INEDs and escalated if required to the board.</p>
<p><i>If you are <b>planning</b> to review or change your engagement with service users in the next 12 months please include a description of the planned work. You should explain the aim of the work (and how it related to the General Direction 4 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.</i></p>	<p><b>Website</b></p> <p>In the next 12 months, FPSL will continue to update its website and dedicate a section specifically for Service Users. The planned refresh of the website – Layout and content – aims to make it easier for users to navigate the website, find the information they are looking for and raise any ideas, concerns or feedback with the Scheme. This will help ensure that there is an enhanced dialogue between our users and the Scheme rather than a one-way discussion.</p> <p>The specific section dedicated to FPSL service users will clearly describe who our service users are, what we are trying to do for them and how they can interact with us more easily if they have a question, idea or concern. The Communications team and the Service User Engagement Manager will work together to manage this section and users’ feedback.</p> <p>During their engagement activities, the Development team will ask users for their feedback and views on the website. Feedback will be dealt with using the FPSL decision-making process.</p> <p>The expected completion date is Q2 2017.</p>

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	<b>Guest Speakers at the Development Forum</b>
	<p>A new initiative was tested in July 2016 to increase bilateral dialogue between service users and Participants. FPSL believes that, to make real changes that will have a positive impact on its service users, it needs not only to engage with its service users but also to increase the dialogue between its service users and its Participants. The reason is that, most of the time, Participants are better equipped to develop solutions for its services users than the Scheme itself. Therefore, this initiative enables the Scheme to act as mediator and provide a channel where key service users representatives can engage directly with the Participants to discuss key issues/ideas/experience. The selection criteria is based on whether the guest speaker is representative of FPSL's user segment group or if they can inform Participants on key industry trends or regulations. This will also enable FPSL's Participants to have a consistent level of understanding of key issues that may impact our service users. Service user representatives are selected by the Development Team and / or the CEO.</p> <p>Participants will then have the opportunity to go back to their organisation and discuss whether they have a solution/response for specific users' needs. The feedback from the Participants and Age UK was positive and the Scheme is now looking at creating an agenda to include guest speakers to the Development Forums from 2017 onward</p>