

Annex A

Guidance:

This is an annex to the Government paper:

Changes to the UK's payments systems – the opportunities for “government as user”

Which is the UK Government's response to the Payment Strategy Forum's consultation on its draft strategy.

This Annex should be read in conjunction with that paper.

This Annex should not be re-produced or disseminated without this 'Guidance,' section or the following 'Foreword,' section.

Foreword:

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”** and this annex are a product of cross-government cooperation between the Cabinet Office, HMRC and DWP, in consultation with HMT and BEIS.

About DWP

The Department for Work and Pensions is the largest single non-Bank user of the UK's electronic payment system. We make some 700m payments amounting to over £166bn of public money each year to some 22m recipients. Since July 2013 when we issued our last paper payment instrument all our payments are made via electronic interbank systems – mainly Bacs but with a significant minority of Faster Payments.

The Secretary of State for Work and Pensions has a statutory duty imposed by Parliament to make payments in line with entitlement under the Social Security and Welfare Reform Acts. Providing, as we do, essential financial support to welfare and pension recipients, we are reliant on the UK's payments systems to operate effectively and continuously so that our payees receive the money to which they are entitled timeously.

That money is paid out in line with legislation and in furtherance of policy objectives to which the Department and its ministers are committed. These include helping people out of poverty and dealing with the causes thereof, helping people to save for retirement and providing value for money for the taxpayer by reducing the amount the department mispays through fraud and error.

The Department, government and ministers are of the view that the UK's payment system – as a piece of core national infrastructure - can and should play a more effective role in enabling the wishes of Parliament to be fulfilled as well as meeting the needs of customers/citizens.

About HMRC

HMRC are the UK's tax, payments and customs authority, and have a vital purpose: HMRC collect the money that pays for the UK's public services and help families and individuals with targeted financial support. HMRC do this by being impartial and increasingly effective and efficient in our administration. We help the honest majority to get their tax right and make it hard for the dishonest minority to cheat the system.

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Respondents basic details

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Publication of Responses

In responding to this consultation, you are sharing your response with the members of the Payments Strategy Forum (Forum), evaluators appointed by the Forum and the Payment Systems Regulator Limited, ('the PSR' - which provides secretariat services to the Forum). The PSR accepts no liability or responsibility for the actions of the Forum members or evaluators in respect of the information supplied.

Unless you tell us otherwise the Forum will assume that you are happy for your response to be published and/or referred to in our Final Strategy Document. If you do not want parts of it to be published or referred to in this way you need to separate out those parts and mark them clearly 'Not for publication'.

Please check/tick this box if you do not want all or parts of your response to be published:

Declaration

"I confirm that our response supplied with this cover sheet is a formal consultation response that the Forum can publish, unless it is clearly marked 'Not for publication'.

The Payments Strategy Forum – Being responsive to user needs Draft strategy for consultation

Response template

This Word response template is intended to help stakeholders in responding to the questions set out in our Draft strategy for consultation and in its Supporting Papers.

If you do not want parts of or all of your response to be published you need to state clearly ('Not for Publication') over specific information included in your response, please be sure to clearly mark this by yellow highlighting it. We will assume that all other information is suitable for publication.

Responses should be emailed to us at Forum@psr.org.uk in Word and PDF formats by no later than **14 September 2016**. Any questions about our consultation can also be sent to Forum@psr.org.uk.

Thank you in advance for your feedback.

QUESTIONS IN RELATION TO SECTION | RESPONDING TO CONSUMER AND BUSINESS NEEDS

Question 1: Do you agree we have properly captured and articulated the needs of End Users? If not, what needs are missing?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, that this annex is associated with, provides the detailed account from the UK Government on its end user needs. From that paper it can be noted that:

- clarity is required on the functionality that Enhanced Data will actually deliver, the Government paper provides insight into the benefits it might deliver, but work is required to ensure any application of Enhanced Data can demonstrate these and prove the case for development;
- HMRC and payments industry service providers need to be able to interact more easily with each other. For example, a change of banking supplier should not necessitate a multi-year programme;
- providing reference validation at the point of payment should be part of the strategy as it would significantly improve the customer experience and ensure security.

Question 2a: Do stakeholders agree with the financial capability principles?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, suggests a general agreement on the principles

Question 2b: How should these principles be implemented?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides an understanding as to how the principles can be implemented recognising that: The principles should be part of a wider set of principles that also guide the coherence and efficiency of payment systems and their underlying architecture.

Question 2c: How their implementation should be overseen and how should the industry be held to account?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, is clear on the value of a single body with responsibility for oversight and control of the payments industry and with commensurate powers.

Question 3a: What benefits would you expect to accrue from these solutions (not necessarily just financial)?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, is clear on the nature of the benefit that could possibly be accrued from these solutions. In general:

Delivery of Assurance Data should give customers greater confidence in digital payments.

Whilst the benefits of Enhanced Data remain unproven, which argues for caution when considering investment decisions, its potential is noted:

Enhanced Data

DWP has input extensively to the Government “Position Paper”: Changes to the UK's payments systems – the opportunities for “government as user”, that this Annex is provided in conjunction with. The government paper sets out the ways in which DWP could make use of the enhanced data carriage capability suggested as being deliverable in the draft strategy and also suggests ways in which our uses overlap with those of other citizens – corporate and individual.

Those uses are quite mature and have been the subject of discussions with industry for some 4 years or more. Indeed industry has already signalled publicly to ministers their commitment to provide enhanced data capability in line with DWP's needs. That we have not yet got that capability is in no small part because DWP has recognised that, in the context of external changes in the payments landscape (including the set-up of the PSR and PSF as well as PSD2 and Open Banking Data), the benefits achievable from a more generic solution go far beyond those accruing to DWP and have the potential to reach all users of the payments system. We are encouraged to see that that wider approach is reflected in the whole approach of the Forum's work and the ubiquity of the proposed solutions.

Flexibility of payments

DWP's aim is to be as responsive to the needs of our citizens as possible and for the distribution service we provide to be as accurate and effective as possible. In the increasingly “real time” and digital world in which our citizens live we want their experience of getting their money from us to be as fast, simple and frictionless as possible.

Broadly speaking our citizens do not see (and do not care) which payment mechanism has been used. As we move to deliver more real time and responsive welfare support to our claimants- for example through Universal Credit- we welcome any changes that will provide greater flexibility and range (at reasonable cost) of payment types. To the extent therefore that the proposals in regard to easier access to payment systems and integration of PSOs will provide that flexibility we are in favour of those proposals.

Question 3b: Do you agree with the risks we outline? How should we address these risks? Are there further risks we should consider?

For Assurance Data, there is a security risk of data being lost or stolen, so it must have appropriate encryption or tokenisation.

Question 3c: Is there a business case for investing in solutions to address these needs and if not, how such an investment can be justified?

See response to 3a.

Question 3d: Are there any alternative solutions to meet the identified needs?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, is silent on recommending a solution. But encourages the development of a single payment sector body, to coordinate the range of changes happening across the sector and to work with: the payment sector, Fin Tech and users to develop and implement solutions or a solution which can integrate and operate across all groups to deliver the potential benefits. The Government as a user is aware of elements that should be considered as part of that process such as:

- payment reference validation at point of payment;
- standardisation of data formats.

Question 3e: Is there anything else that the Forum should address that has not been considered?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides an overview of how government might benefit from these changes and will provide insight into elements not yet covered. It would be sensible to consider that all of the proposals are, as yet, conceptual and not at prototyping stage.

Question 4a: Is there a business case for investing in transitional solutions while the new payments architecture is being delivered and if not, can such an investment be justified?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, demonstrates the potential benefit to government from the implementation of the broad changes across the payment sector. It can be inferred from that paper the benefit of partial or transitional solutions. However conclusions on actual benefit would require better knowledge of:

- what the new payments architecture will be;
- the timeline for delivery;
- the level of investment involved.

Question 4b: Are there any viable technical solutions to deliver some of the consumer benefits early without compromising the longer term solutions recommended by the Forum?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, though silent on recommending technical solutions, demonstrates the potential benefit to government from the implementation of the broad changes across the payment sector. It can be inferred from that paper the nature of technological solutions that would be required to deliver some aspect of the benefits.

However conclusions on actual viability of a technical solution would require better understanding, potentially through the revised strategy, on how sector thinking has progressed from the proposed layered payment architecture to delivering the set of specific capabilities, and how these map to identified customer, business and Government needs. This mapping from requirements to needs, in the strategy would support a better understanding of what activity was delivering which functionality an example, as an example this would allow the elements from HMRC's submission to the PSF consultation in February 2016 to be more clearly reflected in the Detriments category.

QUESTIONS IN RELATION TO SECTION 6 | IMPROVING TRUST IN PAYMENTS

Question 5a: Do you agree with our proposal regarding customer awareness and education? If not, please provide evidence to support your response.

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, encourages a joint and unified approach across the sector informed by pro-active engagement with key user groups:

Customer Trust and Fraud prevention:

DWP welcome the proposals here to enable more and effective use of payments data in the identification and prevention of financial crime. In 2014/15 DWP paid out some £2.4bn in excess of entitlement. In the future we will also be taking over the error and fraud inherent in the Tax Credits system (currently administered by HMRC but to be merged into Universal Credit).

All that will have passed through the payments system and, since we actually paid it, will have got through our pre-payment checks. The proportionate use of payment data to enable DWP to assess the risks associated with making payments of public funds to ‘identified’ accounts would increase DWP’s capacity to prevent malicious access to sums above entitlement as well as help prevent claimants unwittingly falling into debt to the very source of their financial support by overclaiming.

That said, we recognise the fine balance here between the protection of personal banking and payment data, ease of access and friction-free usage of the system and the risks associated with the use of huge amounts of data such as are held in the payments system.

DWP is committed to support the Forum and industry to work through the issues here and, if necessary, to consider the case for changes to legislation to ensure the right balance is struck between the public good and the protection of the individual and their financial data.

Question 5b: Do you agree the delivery of these activities should be through an industry trade body? If so, which one would be most appropriate to take the lead role?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, encourages the development of a single payment sector body, to coordinate the range of changes happening across the sector and to work with: the payment sector, Fin Tech and users to develop and implement solutions or a solution which can integrate and operate across all groups to deliver the potential benefits.

Question 6: Do you agree with the establishment of guidelines for identity verification, authentication and risk assessment? If not, please provide evidence to support your response.

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, recognises the value of using guidelines to deliver beneficial changes.

Question 7a: Do you agree with our solution to develop a central data repository for shared data and a data analytics capability? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, through being silent on the recommending of a technical solution, the Government recognises that there are a range of potential solutions. Government would welcome further engagement on the consideration of solutions, the alignment with other initiatives across the sector and the recognition of the risks. As an example central data repositories can carry huge security risks that may have impact upon the broad payment infrastructure, where the costs of mitigating may outweigh the benefits.

Question 7b: Do you agree with the potential risks we outline? How should we address these risks? Are there further risks we should consider?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector on the consideration of solutions and associated risks, as the security risks are both greater and broader than is acknowledged in the current version of the strategy.

Question 7c: If any legislative change is required to deliver this solution, would such change be proportionate to the expected benefits?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector.

Question 8a: Do you agree with our solution for financial crime intelligence sharing? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector, especially around this particularly complex area that should take into consideration ongoing and emerging joint activities and initiatives.

Question 8b: In what way does this solution improve financial inclusion? More generally, how should the intelligence sharing be used for the “public good”?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides an understanding as to how the proposed changes across the sector could be coordinated to deliver benefits through government processes, to the public. Government would welcome further and ongoing engagement with the sector, especially around this area.

Question 8c: Do you agree with the potential risks we outline? How should we address these risks? Are there further risks we should consider?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector to progress the strategy.

Question 8d: Do the benefits of financial crime intelligence sharing outweigh the new potential risks created?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector, especially around this particularly complex area where the evaluation of benefits and risks should take into consideration ongoing and emerging joint activities and initiatives.

Question 8e: Can this operate without changes to legislation? If not, what changes to legislation would be required to make this happen? If any legislative change is required, would such change be proportionate to the expected benefits?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector, especially around this particularly complex area where ongoing and emerging joint activities and initiatives should be taken into consideration.

Question 8f: What governance structure should be created to ensure secure and proper intelligence sharing?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector, especially around this particularly complex area where ongoing and emerging joint activities and initiatives should be taken into consideration.

Question 9: Do you agree with the proposal to develop a Central KYC Utility? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector on this proposal, though KYC is predominantly of benefit to the financial institutions it can be recognised that there is the potential of broader counter fraud value.

Question 10: Do you agree with our solution for enhancing the quality of sanctions data? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector, and in doing so recognises the value of enhancing the quality of sanctions.

QUESTIONS IN RELATION TO SECTION 7 | SIMPLIFYING ACCESS TO PROMOTE COMPETITION

Question 11: Do you agree with our proposal regarding access to sort codes? If not, please provide evidence to support your response.

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector on the strategy, though recognising that this particular point is a consideration for the financial sector there may be broader counter fraud considerations.

Question 12: Do you agree with our proposal regarding access to settlement accounts? If not, please provide evidence to support your response.

See response to 11.

Question 13a: Do you agree with the proposal regarding aggregator access models? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, through being silent on the recommending of a technical solution, the Government recognises that there are a range of potential solutions. Government would welcome further engagement on the consideration of an aggregator model.

Question 13b: How can the development of more commercial and competitive access solutions like aggregators be encouraged to drive down costs and complexity for PSPs?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, through being silent on the recommending of a technical solution, the Government recognises that there are a range of potential solutions. Government would welcome further engagement on the consideration of creating a commercial market for competitive access solutions should encourage innovation and drive down costs.

Question 14: Do you agree with our proposal regarding Common Payment System Operator participation models and rules? If not, please provide evidence to support your response.

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, though being silent on the recommending of a technical solution, the Government recognises that there can be value in a common approach which would underpin the vision set out by government in that paper and would welcome working with the sector on this.

Question 15a: Do you agree this proposal regarding establishing a single entity? If not, please provide evidence to support your response.

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, though being silent on the recommending of a technical solution, the Government recognises that there can be value in a proposal which simplifies the process and would support delivery of the vision set out by government in that paper. Government would welcome working with the sector on this.

Question 15b: If you do not agree, how else could the benefits be achieved without consolidating PSO governance in the way described?

See response to 15a

Question 16: Do you agree with the proposal to move the UK to a modern payments message standard? If not, please provide evidence to support your response.

Yes. There is a view that ISO200022 should be adopted.

Question 17a: Do you agree with the proposal to develop indirect access liability guidance? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector on the strategy, though recognising that this particular point is a consideration for the financial sector, the improvement of guidance is always helpful particularly where there may be broader counter fraud considerations.

Question 17b: What, in your view, would prevent this guidance being produced or having the desired impact?

Though recognising that this particular point is a consideration for the financial sector, and specific to the nature of the changes being suggested. The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that Government would welcome further and ongoing engagement with the sector on the strategy where there may be broader counter fraud considerations.



Question In your view, which entity or entities should lead on this?
17c:

See answer for 17a.

QUESTIONS IN RELATION TO SECTION 8 | A NEW ARCHITECTURE FOR PAYMENTS

Question 18a: Do you agree with the proposal for a co-ordinated approach to developing the various types of APIs? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that the potential value of API improvements to Government processes and interactions with the public. Government would welcome further and ongoing engagement with the sector on the development of this part of the strategy,

Question 18b: What are the benefits of taking a co-ordinated approach to developing the various types of APIs? What might be the disadvantages of taking this approach?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, highlights that the potential benefit API improvements to Government processes and interactions with the public. If the approach makes interactions easier and supports; competition, innovation and entry of new PSPs through a modular approach supported by standards. Government would welcome further and ongoing engagement with the sector on the development of this part of the strategy.

Question 18c: How should the implementation approach be structured to optimise the outcomes?

See answer to 18a.

Question 19a: Do you agree with our proposal to create a Simplified Delivery Mechanism? If not, please provide evidence to support your response?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, though silent on a recommendation of a technological solution highlights that the potential benefit of a simplified delivery mechanism. If the approach makes interactions easier and supports the vision presented in that paper. Government would welcome further and ongoing engagement with the sector on the development of this part of the strategy.

Question 19b: Should the new consolidated entity be responsible for leading the development of the new rules/scheme or should a new body be given this responsibility?

A new body should be responsible for leading the development to ensure independence and objectivity. But it should not over-regulate the field.

Question 19c: Could an existing scheme adapt to provide the Simplified Delivery Mechanism or should a new one be developed?

See response to 19a

Question 19d: Would it be better for the processing and clearing functions of the simplified framework to be built on distributed architecture or a centralised infrastructure? Could there be a transition from a centralised structure to a distributed structure over time?

See response to 19a

Question 19e: Do you think it is feasible to begin work to design a new payments infrastructure given existing demands on resources and funding?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry and with commensurate powers to create a feasible and deliverable plan for the implementation of the strategy.

Question 20a: Do you agree that the existing arrangement of the payments system in the UK needs to change to support more competition and agility?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear that this benefit can only arise through changes that are and will be happening across the sector. These benefits can be delivered through an: agile, competitive and innovative environment. Government would welcome further and ongoing engagement with the sector on the development and implementation of a supportive strategy.

Question 20b: Will the package of proposals we suggest, the Simplified Payments Platform, deliver the benefits we have outlined? What alternatives could there be?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry, to create a feasible and deliverable plan for the implementation of the strategy.

QUESTIONS IN RELATION TO SECTION 9 | OUR STRATEGY IN SEQUENCE

Question 21a: Do you agree with this proposed sequence of solutions and approach outlined to further clarify this?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry, to create a feasible and deliverable plan for the implementation of the strategy.

Question 21b: If not, what approach would you take to sequencing to bring forward the anticipated benefits, in particular for end users?

See response to 21a.

QUESTIONS IN RELATION TO SECTION 10 | IMPLEMENTATION APPROACH

Question 22a: What approach should be taken to deliver the implementation of the Forum's Strategy?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry, to create a feasible and deliverable plan for the implementation of the strategy.

As mentioned in our response to Question 5 in Section 6, DWP has been talking to the industry about making changes to the central payments system since 2012 and the successful implementation of a proto-type of enhanced data in HMRC's RTI system- with its corroboration through the Bacs system.

In that context DWP would want to see the Forum's strategy move very quickly and smoothly into implementation if the benefits it promises are to be realised in anything like a reasonable timeframe.

We consider that that requires 3 elements:

1 An effective authoritative and properly mandated implementation body. The proposal to merge the PSOs and the already agreed Implementation entity for the CMAs Open Banking Data requirements would appear to provide a useful starting point for such a body. Designed right, it could be a transparent mechanism for the implementation of CMA, Forum, PSD 2 and other regulatory change, providing a concentration for expertise and a strategic means of prioritising and sequencing change.

2 That entity and the industry more generally need a clear view of current and incipient regulatory demands. The setting up of the PSR has added another layer of regulation to that already there (HMT, the Bank, FCA, EBA, CMA etc). Either by direct involvement in the entity or by co-ordinated input into the joining up and projection as far forward as practical of regulation is necessary if a coherent and truly strategic plan is going to be possible.

3 Funding through a properly developed economic model. Clearly, the fact of the need to set up the PSR and the absence of the meeting of the detriments by industry, shows that the market itself will not deliver the Forum's proposals. Nor is it clear what the economic model for payments is likely to be in the future. The Forum's derives its authority from the PSR. The PSR in turn is an economic regulator that would, under the terms of its own policy statement take action only “where we expect the benefits of our regulation will outweigh any costs or unintended consequences”. In the light of the recent CMA report which broadly accepted the existing FIIC payments and PCA service provision in the UK it is imperative that the PSR work with experts to develop and describe the economic model under which the capital necessary to fund the Forum's proposals could be raised and how a reasonable return could be made on it.

“Government as user”

As one of the founding reports for the PSR showed, in some 20% of all major innovations in payment systems worldwide, the meeting of Government use requirements was a major driver. DWP stands ready to continue to work with other government departments, the Forum and PSR and industry to ensure that the “government as user” need is clarified and iterated in ways that will help the Implementation body and all stakeholders in the next stages of delivering the strategy.

**Question
22b:**

Who should oversee the implementation of the Forum's Strategy?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry, to create a feasible and deliverable plan for the implementation of the strategy.

In forming this body the sector should recognise the difference in the work required to issue a consultation on a strategy and the substantially different skills and resource set required for the development and implementation of a realistic plan to deliver against the strategy. Beyond project and programme management skills the new group will require IT and business change management skills and will have to be individuals who are respected across their sector with the personality and power to bring their sectors together and deliver a coordinated plan.

Government would urge that the Regulator pause at the completion of the strategy consultation, consider the activities that will be required for the implementation of the strategy and the next phases of work, review the skill sets required to successfully deliver the next phases, and rather than merely roll the current PSF and all the current roles forward ensure that the appropriate delivery body is designed and resourced to deliver these vital changes.

Question What economic model(s) would ensure delivery of the Strategy recommendations?
22c:

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry and with to create a feasible and deliverable plan for the implementation of the strategy.

QUESTIONS IN RELATION TO SECTION 11 | COST BENEFIT ANALYSIS APPROACH

Question 23a: Do you agree with the proposed approach for quantifying the potential costs and benefits of the proposed solutions?

The Government paper: **Changes to the UK's payments systems – the opportunities for “government as user”**, provides a vision for the benefits that could be delivered to government processes should the sector come together to deliver a suitable strategy. The paper is clear on the value of Government working with a single body with responsibility for oversight and control of the payments industry, to create a feasible and deliverable plan for the implementation of the strategy, and to more clearly identify and deliver those benefits.

Question 23b: Do you agree with the costs and benefits drivers outlined in this document?

See response to question 23a

Question 23c: We would appreciate any information on the potential costs and benefits you may have to assist our analysis.

See response to question 23a