

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

### Respondents basic details

<b>Consultation title:</b>	Being responsive to user needs. A draft strategy for consultation, July 2016
<b>Name of respondent:</b>	
<b>Contact details/job title:</b>	Paym
<b>Representing (self or organisation/s):</b>	
<b>Email:</b>	
<b>Address:</b>	

### 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want parts of it to be published or referred to in this way you need to separate out those parts and mark them clearly 'Not for publication'.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with this cover sheet is a formal consultation response that the Forum can publish, unless it is clearly marked 'Not for publication'.

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### Response template

This 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If you do not want parts of or all of your response to be published you need to state clearly ('Not for Publication') over specific information included in your response, please be sure to clearly mark this by yellow highlighting it.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](mailto: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](mailto:Forum@psr.org.uk).

Thank you in advance for your feedback.

### QUESTIONS IN RELATION TO SECTION 5 | RESPONDING TO CONSUMER AND BUSINESS NEEDS

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

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

**Question 2b:** How should these principles be implemented?

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

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

The benefits that would accrue from the Account Name Verification service proposed by Paym would help customers avoid making misdirected payments to the wrong beneficiary that much sooner than the solution proposed by the Forum in the consultation document.

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

Assurance Data “to provide assurance that the payment is going to the intended recipient” [5.14] has potential risks associated with the paying bank and their paying customer becoming privy to the personal data of the would-be payee being verified, similar to the risks called out in [5.20] under ‘Enhanced data’, i.e. the would-be beneficiary’s bank is the Data Controller for their customer’s personal data and do they have the necessary consent from their customer to share their personal data with the payer and the payer’s bank ?

**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?

The business case for the Account Name Verification service proposed by Paym is that by doing incremental changes building on the existing MPSCo system rather than new build, customers can enjoy a service the Forum says they want that much sooner at only marginal cost to the economy.

This would appear to be an attractive solution to providing customers with this service quickly. How much is launching such a service years earlier estimated to be worth by the PSR ?

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

Yes, the Account Name Verification service proposed by Paym. Not only can this service be made available to customers sooner than the solution envisaged by the Forum, it can be architected in such a way that its deployment does not compromise the longer term solution recommended by the Forum (should this still be required). Banks would be able to migrate away from it to their own Open Banking API access individually at their own pace whilst the remainder continue to operate seamlessly on the central service provided by Paym.

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

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**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 business case for investing in the Account Name Verification service proposed by Paym as a transitional solution is this service can be made available for customers to use well ahead of the solution proposed by the Forum whilst being architected in such a way so as not to compromise the longer term solution recommended by the Forum, i.e. provide a service to customers quickly whilst providing a practical migration path to the Forum's solution.

Note: The Forum's timeline for their recommended solution for Assurance Data appears to be 'not before 2022'; constructed as follows. The Forum's final strategy document by November, call it end-2016. From [8.36] "It is proposed that the design is developed further over a two-year time period from [the] publication of the final Strategy. This will assess the solution, develop a detailed design, establish detailed requirements, develop prototypes and begin testing". This takes us to end-2018. From [9.10], Assurance Data is at the very end of the sequencing for the 'Simplified Core Payments Platform' with a 3+ years' time horizon. Assuming the two year design period delivers and builds the final design, the earliest 3+ years from then would be, is 2022. Of course if the two year design period doesn't actually build and implement the Simplified Core Payments Platform that the Assurance Data service is to run over, that service will be delayed still further making any transitional solution even more attractive.

**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?

Yes, the Account Name Verification service proposed by Paym above.

**QUESTIONS IN RELATION TO SECTION 6 | IMPROVING TRUST IN PAYMENTS**

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

**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?

**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.

**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?

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

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

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

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

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

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

**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?

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

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

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

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

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

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

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

**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?

**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.

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

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

**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.

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

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

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

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

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**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?

**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?

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

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

**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?

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

**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?

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

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**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?

**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 text box entitled ‘Pingit’ between paragraphs [8.29] and [8.30] states “... Barclays’ customers can only use Pingit to pay other Barclays’ customers or people who have downloaded the Pingit app.”

Barclays are full participants in the Paym service and have been since the launch of the service and Barclays Pingit users can pay non-Barclays customers who are registered for Paym through their app via the Paym service. And similarly non-Barclays customers can pay Barclays Pingit customers registered for Paym via the Paym service.

[8.30] goes on to say “Using the Simplified Payments Platform, Pingit could have been an overlay service that communicates with the Simplified Delivery Mechanism enabling the payment to be made to the beneficiary PSP without that PSP needing to have the same overlay service (as is the case for Pingit)”. Except, as explained above, that is not the case for Pingit where Barclays customers are able to pay customers at other banks registered for Paym through the Paym service and customers of other banks are similarly able to pay customers of Barclays registered to receive through the Paym service.

**QUESTIONS IN RELATION TO SECTION 9 | OUR STRATEGY IN SEQUENCE**

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

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

**QUESTIONS IN RELATION TO SECTION 10 | IMPLEMENTATION APPROACH**

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

**Question 22b:** Who should oversee the implementation of the Forum's Strategy?

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

**QUESTIONS IN RELATION TO SECTION 11 | COST BENEFIT ANALYSIS APPROACH**

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

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

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