

Horizon Scanning Working Group

Working Group Chair(s):

Forum update as at 07/04/16

Otto Benz

Last Report

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This Report

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payments
strategy
forum

EXECUTIVE SUMMARY

- The work of the group has focussed on 3 outputs: The main HSWG report, 2 solution concepts and a companion report into Account Number Portability (ANP)
- Outputs produced for review by the PSF on schedule for 7th April – a large number of solutions have been identified over the regulatory, geographic and technical areas which can address a proportion of the detriments identified by the forum
- Due to the time constraints, however, a wide industry review has not been possible. Some comments and submissions have not been able to be included in all of the outputs from the group and may need to be addressed in a subsequent version
- The main HSWG report provides specific suggestions for the other working groups to address and intelligence for further analysis by the working groups
- The solution concepts cover:
 - A proposal to develop a layered API model for payments and to extend the scope of the open banking working group initiative
 - A proposal to develop a new, simplified scheme platform – using new technologies and based on a “push” scheme and open messaging standards – and eventually to “fold” existing schemes into this new platform as overlay services
- The ANP report puts forward a proposition for ANP based on the FCA/Moorhouse “retain identifier” model without considering the overall industry desirability of ANP and proposes an independent economic review of the costs and benefits

Next Steps/Actions

- Further elaborate the main report to include further references and address additional comments from a number of HSWG members as well as external comments
- Expand the ANP report to consider alternative methods of achieving ANP both inside and outside of those suggested previously by the FCA
- Elaborate the proposed solutions further with more detail and potential implementation options – taking in further comments and inputs from the industry

Key Deliverables/Milestones (taken from agreed high level programme of work)

- Agree Terms of Reference and work-plan – **15/12/2015** – completed
- Horizon Scanning Report 1 – **25/02/2016** – completed
- Horizon Scanning Report 2 – **14/04/2016** – completed
- Horizon Scanning Report 3 – **30/06/2016**
- Produce relevant section of the DRAFT strategy (supported by independent consultants) – **30/06/2016**
- Produce relevant section of the FINAL strategy (supported by independent consultants) – **21/09/2016**

Key Risks & Issues

- Some further detail could be added around the initiatives discovered and the proposed solutions which there is insufficient time to complete – it is suggested that a further iteration of the report should be produced post submission which will provide more detail but will not change the core recommendations.
- Some commentary from members of HSWG and elsewhere in the industry was received close to the submission deadline so not all comments have been addressed/included – HSWG will summarise these comments and ensure they are addressed in the next iteration of the report
- Significant opposing views exist as to the desirability (or otherwise) of ANP – it is proposed that an independent economic review be undertaken on the costs and benefits

Forum Actions / Decisions Required

- The forum is asked to:
 - Consider the two proposed solutions to determine if:
 - The forum or the PSR should endorse the recommendation that APIs should be progressed more rapidly in the industry and work with the current industry and government groups discussing APIs to help accelerate their work
 - The proposal for a new scheme platform should have a detailed cost/benefit analysis undertaken to help determine if this proposal should be progressed
 - Consider the ANP report and review our recommendation that an independent cost/benefit analysis is undertaken