

A Payments Strategy for the 21st Century

Putting the needs of users first:

**Supplementary documents –
Design Principles**

November 2016



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Vision ambition: guiding set of statements that helped shape our strategy

- **Flexibility to quickly deliver the needs of stakeholders and end users**

Payment systems should reflect and respond to consumers' needs and be developed in an inclusive way that enhances consumers' ability to manage their money and engage with payment systems. These principles are further detailed in Appendix 3

- **Simple and open access for Payment Service Providers to the UK payments system, appropriate to user needs and level of risk**

Simpler and easier access to the payments market and infrastructure for Payment Service Providers (PSPs) from a technical and business perspective

Creating a level playing field for stakeholders and provide the best platform on which to deliver a world class payments experience

- **Enhanced data capabilities associated with the payment, to enable new end user services**

More and better information linked to payments through improved payment messaging standards help businesses to better understand payments, better control payments, better adhere to basic control of fraud and financial crime and as a basis for more innovative solutions

- **Competition in network, infrastructure and in access to infrastructure**

Limited competition occurs amongst infrastructure providers in the UK, however, providers should be able to appropriately compete, which will benefit the end user by means of keener transaction pricing and additional services offered

- **An agnostic approach to Payment System Operators**

Payment System Operators (PSOs) function in a space that is partially collaborative and partially competitive. The future strategy of the UK payments systems landscape should enable these bodies to continue to exist and add value to the payments ecosystem

- **Enabling any Payment Service Provider to reach any other Payment Service Provider simply and at low cost**

For utility and consumer benefit, payments systems need to ensure that participants can 'reach' other counterparties to deliver value

Payments mechanisms effectively create a 'two-sided market', which become more effective with more participants and usage. It is therefore essential to create a basis for participation that enables maximum 'reach' and value

- **Alignment with international standards**

The market needs to adopt a standards-based approach for defining connectivity and messaging of payments. This will enable more PSPs to connect with UK payments systems, more easily, encourage more varied competition from software and infrastructure providers and more simple access for those outside the UK

- **Scalability in transaction volume and number of direct participants, versatility and responsiveness to user needs**

It is imperative that UK payments systems are able to scale to handle expected payments volumes in the UK, and can meet the needs of new user enhancements, for example, the need to carry additional data, and new forms of payments

- **Focus on security, resilience and controls that our end users expect from crucial infrastructure**

Payment systems form a crucial part of UK national infrastructure

Creating design principles for the development of payment systems

Principles for the collaborative development of payment services

In order to reduce the likelihood of future detriments being created, in particular for end user the Forum is proposing the following principles are used as the basis for the development of payment systems.

Principles to ensure that UK payment services reflect and respond to consumers' needs

<ul style="list-style-type: none"> • They recognise the diversity in consumers' situations and experience 	They reflect that levels of financial capability amongst UK consumers vary and how consumers' situations and preferences impact how they manage their money day to day.
<ul style="list-style-type: none"> • They engage with the UK Financial Capability Strategy 	They should build relationships with a range of organisations representing the diversity of consumers' interests.
<ul style="list-style-type: none"> • They add to the evidence base 	Conducting their own research with consumers and sharing relevant insights with the sector.

Principles to develop UK payment services in an inclusive way that enhances consumers' ability to manage their money day-to-day

<ul style="list-style-type: none"> • Consumers' interests are appropriately represented in the development and decision-making process 	Consumers and organisations that represent them are involved in the development process. Analysis of expected impacts on a diverse range of consumers' ability to manage their money day to day is undertaken and published.
<ul style="list-style-type: none"> • Services are designed to be inclusive of the least capable wherever possible 	They should be easy to use, accessible and minimise the need for user education. As a result they better serve all consumers.
<ul style="list-style-type: none"> • Services are responsive to end users' financial capability and how users actually manage their money day to day 	They facilitate all consumers to manage money day to day and transact in a way that suits them. They seek to protect consumers from financial crime and minimise opportunity for user error.
<ul style="list-style-type: none"> • The impact of payment services on consumers' ability to manage their money day to day is evaluated 	When new or enhanced payment services are trialled their actual impact on a diverse range of consumers' ability to manage their money day to day is evaluated. The evaluation is published.



Projects to develop UK payment services investment in financial capability interventions that work, where it remains necessary to develop consumers' capability to engage with payment systems

<ul style="list-style-type: none"> • System alternatives are considered before seeking to educate consumers 	<p>Before investing in financial education seek to 'design-out' the need to educate consumers.</p>
<ul style="list-style-type: none"> • If it remains necessary to increase financial capability or the need for increased financial capability is identified at a later date, they invest in initiatives that work 	<p>The evidence base is consulted and investment is made in approaches that are proven to work or an innovative approach that has the potential to work.</p>
<ul style="list-style-type: none"> • Interventions contribute to the evidence base 	<p>The impact of financial capability interventions on consumers' ability to manage their money day to day is evaluated and learning is shared. The UK Financial Capability Strategy provides guidance and tools to evaluate impact</p>

