

Consultation Team
Payments Strategy Forum,
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PSF New Payments Architecture July 2017 Consultation Response

After supporting the PSF working groups during 2016 under our Laurasia brand and staying engaged with the evolution of the PSF's thinking during the first half of 2017 we have reviewed the consultation documentation and also the structured PDF questionnaire that the PSF has used to ask its consultation questions.

Following our review of the questions that the PSF has asked we feel our feedback is better provided in the round than against any specific question, although if required our comments could be in response to Question 3.1 'As a potential vendor, participant or user of the NPA, are there any other design considerations that should be included in the NPA, especially with regards to considering the needs of end-users?.'

The points we would ask the PSF to reflect on as it finalises its New Payments Architecture strategy during the final quarter of 2017 are:

1. **No consideration of Account Number Portability in the NPA design:** If a focus given to the new Payments Regulator when it was formed was to review Account Number Portability (ANP), to better support consumer and business switching, why has the proposed New Payments Architecture (NPA) completely ignored in its design the capability for account holders to take their unique account reference information (currently in the UK their Sort Code and Account Number) with them to a new account provider.

The Banking industry has over many years consistently said that the current payments architecture cannot simply or at a low cost enable changes that would support ANP. Why then, when it then spends the best part of two years designing a brand new payments architecture at a proposed cost of £billions, does it not build in the architectural design logic to support ANP in the future.

This strategic design error seriously weakens the NPA and potentially will mean (see point 2.) that the PSF in its NPA design is making a strategic decision to restrict a consumer or business' ability to switch account providers in the future.

2. **The NPA will restrict competition by creating barriers to consumer switching:** After thoroughly reviewing the detail of the NPA proposals, and how the architectural thinking aims to support Open Banking and the ability for consumers and businesses to be able

to use their data, it seems apparent that consideration has not been given to what happens if a user switches account provider - the NPA does not discuss how an individual who has moved account providers will be able to seamlessly access all of their banking/PSP data from both their 'old' and 'new' account provider.

Our experience from the telecom sector is that where a user has access to third party overlay services if these cannot provide the same level of user experience when a user switches provider then the users propensity to switch will be reduced.

Because Open Banking aims to allow users to use their banking data across third party service providers, if a user loses access to data held by their 'donor' provider when they move to a new 'recipient' provider then their propensity to switch will be reduced and by extension competition in the banking sector will also be reduced.

It does seem therefore that the proposed NPA, as articulated in the PSF consultation, will not be able to support true Open Banking nor support further competition in the banking sector.

In general, it does seem strange that for all the detail contained in the consultation documentation the banking industry has managed to propose a new 'green field' architecture that will not support Account Number Portability and the ability for customers to more easily switch providers and that if progressed in its current form the NPA will, in a new open banking environment, introduce further restrictions to consumers and businesses switching and by extension real competition being introduced into UK banking.

If there is anything that is not clear in this feedback or the PSF does genuinely want to understand how consumer switching and portability can support consumers and competition across different sectors, then please do get in touch.

On behalf of, Cenerva and Laurasia Associates Limited.

Yours faithfully,



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