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Forum Secretariat
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Dear Forum Secretariat

The Bacs solution supplier team at Finastra have read and considered the consultation documents and feel the most appropriate response we can give is via letter rather than completing the questionnaire. By replying to the questionnaire it implies agreement with the general proposal – even if objections are raised against individual parts of it.

The only two suggestions in the consultation are either very large changes or minimal change – why was no middle ground included for consideration? Not enough background information was provided to justify the proposed largescale changes. Our assumption is that the current solutions operate successfully – is that not the case? If not it should have been included in the consultation.

The key concerns we have are the complexity caused with a fractured solution, the removal of the pull payment facility and the exposure of customer data for the KYC element.

Fractured solution: the complexity that arises from of fracturing the service is immense. It gives rise to uncertainty regarding the ability to deliver of the whole solution in the first instance, then in complexity going forwards:

- How can the integrity of the end to end solution be maintained?
- How would customer support work in a fractured delivery solution?
- Can the individual payment schemes still be managed successfully in the proposed architecture?
- "Competition in the market" is expected to fund the elements that are deemed competition elements. What if one of those competitors ceases trading, is hit by fraud, etc., if they are funding or developing the part, then it may result in the whole project failing.

- Multi vendor deployment approach - having a cap on the number of debits for each vendor node, this isn't creating competition as it is controlling what volumes each vendor can process.

Removal of the pull solution: credits (whether Direct Credits or Faster Payments) and Direct Debits work well currently from both a payer and payee point of view. Additionally there is great brand recognition and trust in the Direct Debit scheme – the annual research from Bacs shows this year after year. Non-users of Direct Debit tend to be younger and/or on less stable income and require more control over their cash flow. We think that Request to Pay would work well for some but should not replace the Direct Debit pull payment approach.

Some concerns we have over Request to Pay are:

- How will this work for people who don't wish to, or are unable to, use online banking? Direct Debit is accessible to all regardless of their banking preferences – this proposal wouldn't be.
- What if a payer's communication method of choice is post – how will this be handled?
- Communication via payer's communication method of choice opens the system up to spam/phishing via email/sms.
- Who will pay for the transactions? If a payer sends 3 transactions for a bill who pays for the 3 transactions? The payee currently pays for 1 transaction when using Direct Debits.
- Part payments mean that reconciliation could be unnecessarily complicated.
- Vast changes to both processes and software will be needed by Payees. Although as a solution provider we can offer a solution which tries to minimise any changes, there will still be changes required by the payee. We are unsure the benefits outweigh the costs.
- As a payer I don't want to periodically check my payees are still valid.

KYC element: sharing data relating to KYC may just be a non-starter for the current companies who offer the service. Some payers may not want their data being used by a different supplier PSP, if they leave one supplier and go with another, does it mean that potentially the PSP they left may process their data?

We would very much like to be involved in the consultation processing going forward. I was unaware of the meeting on 5th September and have asked that my contact details are checked to ensure I am on the right communication lists.

Yours sincerely

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