

SEPTEMBER 2017

BLUEPRINT FOR THE FUTURE OF UK PAYMENTS

VOCALINK'S RESPONSE TO THE PAYMENTS
STRATEGY FORUM'S CONSULTATION

Consultation Questionnaire

This template is intended to help stakeholders respond to the questions set out in our consultation document and in its supporting papers.

Responses should be emailed to us at Forum@psr.org.uk in PDF format by no later than **22 September 2017**. Any questions about our consultation can also be sent to Forum@psr.org.uk

Whilst we welcome feedback from any participant on any question, not all questions in this consultation will be relevant to the wide range of stakeholders in the Payments Community. We have sign posted the questions to clarify which are most relevant for your organisations, and where we would most value your feedback.

Thank you in advance for your contribution to this consultation process.

Basic Details

Consultation title	Blueprint For The Future Of UK Payments
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Responding to the consultation and publication of responses

Subject to express requests for confidentiality, please note that we will publish views or submissions in full or in part. In responding, we therefore ask you to minimise elements of your submissions which you want to be treated as confidential. Where you do submit both confidential and non-confidential material, you should submit a non-confidential version, which you consent for us to publish, marked 'for publication' and another version marked 'confidential'.

In responding to this consultation, you are sharing your response with the Forum secretariat (1). Confidential information provided in these circumstances is confidential within the meaning of FSBRA and it is a criminal offence to disclose it without requisite authority (2).

Notes:

- (1) The Forum secretariat work for the Payment Systems Regulator Limited, 'the PSR', and are considered primary recipients for the purposes of the Financial Services (Banking Reform) Act 2013 (FSBRA).
- (2) The PSR has the power to disclose confidential information in certain circumstances for the purposes of facilitating its functions and may impose conditions on the use of that information.

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 'confidential'.

Gregor Dobbie

Blueprint For The Future Of UK Payments

Vocalink's Response To The PSF's Consultation

Introduction

1.1 Introduction

Vocalink welcome this opportunity to respond to the PSF Consultation and recognise the considerable time and effort that has gone into writing the blueprint. We want to contribute towards the success of the next generation of the UK's payments infrastructure and believe the UK is at a crucial decision point.

The decisions made over the next year have the potential to affect how businesses, government, charities, and consumers will operate for decades to come and we strongly support considered developments aimed at better meeting the payment needs of all these end user types. In this context we are pleased to offer our suggestions for how the current version of the blueprint can be further improved.

In reviewing the blueprint and framing our response we have worked to a number of core principles, which we have summarised below and are reflected in our detailed answers to the consultation questions:

- The blueprint should focus on defining a comprehensive but high level set of requirements that meet end user needs.
- The case for change needs to be compelling and underpinned by a robust CBA.
- Maximising the potential for competition will be key to driving innovation and maximising benefits to end users.

1.2 The blueprint should focus on defining a comprehensive but high level set of requirements that meet end user needs

We consider it important that the final blueprint sets out a comprehensive set of requirements, all articulated at a consistent and relatively high level of detail. This approach would enable a demonstration of how the NPA would address the identified detriments for payment system users, whilst at the same time enabling industry to undertake a full impact assessment of the proposals. This approach would also avoid the significant risk of documenting overly-detailed requirements at this early stage, thereby potentially missing out on alternative innovative approaches coming from the competitive market.

While the current blueprint identifies a number of the key design considerations, we believe that there are a number of important additional topics which also need to be addressed in the proposed design, for example security, disaster recovery, and change management. Additionally, there are cases where we believe that the blueprint has moved prematurely into detailed solution design, for example in the illustrative examples and discussion of specific API standards. We discuss these and further examples of each later in this response and have suggested where the blueprint may benefit from revision or addition.

1.3 The case for change needs to be compelling and supported by a robust CBA

We believe that it is essential that the key proposals in the NPA are underpinned by a compelling case for change. In that context, we would highlight that we are concerned by the proposal to move entirely to a 'push' payment mechanism, effectively eliminating existing 'pull' payment capabilities. While a 'push' payment mechanism is clearly appropriate for the majority of payment types falling under the PSF's scope, we do not believe that a compelling case has been made for migrating Direct Debit (DD) payments away from a 'pull' mechanism. In particular, we believe that the scale of the potential effects on current users such as businesses and charities and potential reputational implications for the industry have been underestimated. We have explained and illustrated these concerns later in this response.

More broadly on the CBA, we support the decision to include a counterfactual but do not believe that the chosen 'alternative industry minimum approach' represents a credible alternative scenario. We would suggest that it would be more appropriate to use a more realistic alternative counterfactual scenario such as for FPS and Bacs to be upgraded to ISO 20022 and to include both the costs and the benefits of the upgrade in the counterfactual (with the costs and benefits to include therefore implementation of relevant end-user overlay services such as enhanced data).

1.4 Maximising the potential for competition will be key to driving innovation and maximising benefits to end users

Whilst the competition framework included within the consultation helpfully outlines the different types of potential competition, we have concerns with a number of the specific points made. Although unlikely to be the intention of the PSF, there are a number of suggestions in the blueprint which, if implemented, could distort competition, and, therefore, not deliver the best outcomes for consumers. We discuss these points later in this response.

In terms of the possible competition models that could apply in a centralised scenario, we would note that competition could be further increased through providing the option of direct contracting between banks/participants and infrastructure providers. This would allow new services to be developed for one participant without the need to be provided to all. In turn this would have the potential to incentivise innovation and increase speed to market for banks seeking to offer such services to their customers. We therefore believe that the multi-deployment approach, if implemented in a way which enabled direct contracting between banks/participants and infrastructure providers, would offer the advantage of helping to unlock a number of further competition benefits.

1.5 Conclusion

We strongly support the goal of defining a new architecture to meet the changing expectations of users and to create a flexible environment to meet current and future needs. We welcome the publication of the draft blueprint as an important stage in the process and we look forward to contributing further to the ongoing development of this critically important set of proposals for the UK payments market.

Blueprint For The Future Of UK Payments

Vocalink's Response To The PSF's Consultation

1 A New Payments Architecture

Question 1.1

Do you agree with our recommendation to move towards a 'push' payment mechanism for all payment types?

Yes No

Please explain why.

We are concerned by the proposal to move entirely to a 'push' payment mechanism, effectively eliminating existing 'pull' payment capabilities. While a 'push' payment mechanism is clearly appropriate for the majority of payment types falling under the PSF's scope, we do not believe that a compelling case has been made for migrating Direct Debit (DD) payments away from a 'pull' mechanism. This is set against the background where in 2016 there were 4.07 billion DDs processed with a total value of £1.26 trillion and there was a total of 118,000 Bacs service users¹. We do not believe that the CBA has sufficiently captured the scale or costs of making such a change, nor has the blueprint given sufficient consideration as to whether an alternative approach might deliver the desired benefits with reduced disruption and cost.

Based on our understanding, we believe the push-payment based approach for Direct Debit ("DD") as proposed in the consultation could have significant unintended consequences and in particular has the potential to cause issues for a wide range of stakeholders, such as the following:

¹ Figures from Bacs Payment Schemes Limited (BPSL)

Businesses and charities:

By introducing additional steps/layers into the process, the removal of 'true' Direct Corporate Access (where authorised corporates can submit straight to clearing without reference to their bank) has the potential to reduce resilience, by making large billers entirely reliant on their bank/TPSP. Additionally, their costs of migration could be very significant, not least given that over 50% of total DD volumes are currently submitted directly to the infrastructure. There would also be migration changes for the circa 770 Bacs bureaux² operating today, as well as for SMEs who collectively form an additional significant part of the DD ecosystem. The potential removal of current efficient value added services such as the Automated Direct Debit Amendment & Cancellation Service ("ADDACS") and the Advice of Wrong Accounts Credit Service ("AWACS") could also introduce a further overhead for businesses.

Banks:

The proposed architecture would seem to require a number of additional steps on the bank side to initiate the resulting push payment and manage the end to end process. We believe this could drive a need for additional bank-side infrastructure to be built at each institution rather than centrally, losing economies of scale. This could therefore increase overall costs to the industry and has the potential to disproportionately impact smaller/challenger banks who would have to implement the same capabilities as a larger institution for a lower volume of customers.

It appears that under the proposed NPA model for DDs, banks would receive multiple output files from many TPSP/PSPs rather than a single file from clearing (as today). This would add additional complexity when accessing the NPA, together with increased reconciliation risks within the bank/TPSP domain, particularly in the event of any failure within the bank's/TPSP's infrastructure.

There would also need to be a number of exceptions processes built around the new model. We believe this is a key gap in the NPA requirements as currently drafted, and that there needs to be more analysis of exceptions and failure scenarios (as further explained in our answer to question 1.3).

Additionally our reading of the blueprint is that the proposed model shown would lose the benefit of Deferred Net Settlement? If this is indeed the case, this would potentially result in an increase in liquidity costs (particularly for smaller banks).

Consumers:

9 out of 10 UK adults have at least one Direct Debit, and use of the service grew by 4.9% in 2016³. Any change to Direct Debit needs to be considered in the context of its ubiquity and popularity as a payment instrument for consumers. We believe that moving DD to a 'push' payment risks confusion between DD and Request To Pay ("RTP") for consumers, billers, and bank staff due to the many process similarities that would result. This in turn risks a consequent impact on RTP's success in the market. We also note what appears to be a suggestion that the application of the current consumer-friendly DD Guarantee Scheme would become optional (p10, "Commercially customers' payments *can* be protected... as they are today"). A major change such as this would need to be managed very carefully and could carry significant reputational risk for the industry.

² Figures from BPSL

³ Figures from BPSL

Financial Crime and Reporting:

The DD flows articulated in the Blueprint document suggest that only a "single cleared amount" is sent to the clearing layer rather than the complete file of payments. This would potentially impede the effectiveness of a number of solutions (e.g. Financial Crime, Assurance Data) through the loss of important granular detail.

Question 1.2

In the proposed transition approach it is expected that Third Party Service Providers including current independent software providers, bureaux and gateway providers will update their systems to enable existing payment formats to continue to operate with no or limited negative impact on the current users of services such as Direct Debit.

As a PSP or TPSP, do you agree we have identified the implications of adopting a push model adequately?

Yes No

If not, please set out any additional impacts that need to be considered.

As per our answer to question 1.1, we believe that the implications of moving DDs to a 'push' payment model have not been sufficiently addressed in the blueprint, in particular the scale of the potential impacts on current users such as businesses and charities.

In the context of the proposals for the TPSP layer we would highlight a number of additional implications which need to be considered:

- **Potential licencing requirements in the TPSP layer:** We note multiple references to "PSD2 compliant" services in the blueprint. We ask the PSF to clarify whether it is envisaged that **all** providers of services in the TPSP or PSP layer would need to have (or obtain) PIS licences under PSD2? If so, this would need to be factored into the cost-benefit analysis.
- **Impact on corporates and charities:** Although file translation services may be offered by existing/new TPSPs, requiring a translation service introduces a new layer and would potentially increase costs without adding matching benefits.
- **Removal of direct access:** The model proposes moving from direct transmission to the infrastructure provider to a new type of 'direct access' model where corporate payments are routed via a bank or TPSP. Although transition solutions may become available in the market, this would still require corporate users to purchase, test, and integrate such solutions. This is likely to cause additional transition implications for large corporates beyond those identified, which would need to be reflected in the cost-benefit analysis.
- **Consumers:** We believe moving DD to a 'push' payment risks confusion between DD and RTP for consumers, billers, and bank staff due to the many process similarities that would result. An end-to-end change to an already ubiquitous payment method would require significant consumer education and re-training of bank customer services staff. This change management is not presently accounted for in the CBA.

Question 1.3

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

Yes No

If yes, please provide a description of those areas and why they are important to explore.

We believe that it is important that the blueprint sets out a comprehensive set of requirements and that these should be articulated at a consistent and relatively high level of detail. This approach would enable a demonstration of how the NPA plans to remedy the identified detriments for payment system users whilst at the same time enabling a full impact assessment of the proposals. This approach would also avoid the significant risk of writing overly-detailed requirements at this early stage, thereby potentially missing out on alternative innovative approaches coming from the competitive market.

While the current blueprint identifies a number of the key design considerations, we believe that there are a number of important additional topics which also need to be addressed in the proposed design. Additionally, there are other cases where we believe that the blueprint has moved prematurely into detailed solution design. Examples of both are as follows:

1) Examples of additional design considerations which need to be addressed in the interests of ensuring a sufficiently comprehensive set of requirements.

- **Exceptions processes:** The blueprint needs to build in a proposed approach to key potential exceptions and failure scenarios in order to drive out the complexities and issues that would need to be considered by the NPSO prior to finalising the NPA design.
- **Disaster recovery:** Responding to a disaster scenario would require complex co-ordination and cooperation between multiple types of stakeholder under the NPA's proposed multi-layered model. This topic needs to be considered in the design, not least given the risk that additional time would be needed to resolve issues compared to the current model.
- **Change management:** Implementing future changes to the NPA across multiple layers and vendors would also require a complex co-ordination process which should be reflected in the blueprint. This would need to include how it is proposed to mitigate the 'ripple effect' of implementing an industry mandated change across all layers, whereby the total cost of change could become significantly higher due to the multiple providers and services impacted.
- **Security/cyber-security:** Given that cyber security is a key Board-level issue for banks and corporates at the current time, not least in the context of widely-reported breaches, we believe that the final version of the blueprint needs to focus much more attention on this critical topic. Additionally, the blueprint states that "security and network requirements can be different for each layer". Although we do not feel the blueprint should directly specify security standards, consideration should nevertheless be given to aspects such as data protection during transit and at rest. We also believe that there is a need for the blueprint to articulate how it is proposed that the design will guard against the 'weakest link in the chain' to ensure compromise cannot be achieved through a poorly implemented solution by a TPSP, PSP or clearing provider.

- **Service levels:** The blueprint needs to address the question of how to avoid any increase in service outages (compared to today) due to the greater number of 'moving parts' involved in a layered architecture, and how to avoid higher costs due to the need for active/active resilient infrastructure in multiple places (which could compound industry costs). It would also be important to include a proposed high level service level approach for Overlay Services – including whether it is envisaged that all elements of the NPA would need to be at the same standard as the clearing and what this may mean for the non-functional requirements.
- **Settlement:** More detail is needed in the NPA on the proposed settlement approach in order to be able to assess this fully. For example, the processing flow examples currently state that "the clearing and settlement service initiates settlement with the BoE" before sending payments details to the payee PSPs, which suggests a line-by-line settlement approach, increasing liquidity costs and infrastructure performance requirements. Is this the intention?
- **Requirements for Cheque Processing:** Currently only one, 'happy path' flow is covered. It is important also to address a fuller set of flows in the design, e.g. where the debiting and receiving account are at the same bank ("us-on-us") and it doesn't go into central clearing; via deposit at a different bank to the one the cheque is drawn on; via deposit at a third party such as the Post Office. There is also a logical requirement to support a central store of images that can be viewed by participants in the event of queries, but from our reading of the blueprint it is unclear how this function would work under the NPA.
- **Integration with existing services:** The blueprint should include additional details on the proposed high level requirements for integration with existing overlay services e.g. CASS, PayM etc.

2) Examples of areas where the blueprint seems to have moved prematurely into a detailed solution design.

As explained above, we believe it is an important principle that the "how" – e.g. low-level specifics of solution approaches – should not feature in the blueprint and should instead be determined at a later stage. We note that there are currently some sections or references in the blueprint that can be read as overly prescriptive and/or to have gone beyond documenting requirements - we recommend that these are amended/re-worded in the final blueprint. For example:

- The various specific references to the proposed adoption of PSD2 / Open Banking APIs and JSON.
- The weight which seems to have been given to the "illustrative" use case scenarios in section 8 of the consultation.
- The lack of reference to the possibility that from a technical perspective, the EUN solutions could also be enabled by functionality provided within a thin Clearing and Settlement layer. For example also being able to send a RTP message via the clearing layer as an alternative to 'pure' overlay services would act to increase competition in the market.

Question 1.4

The nature of the layering approach enables new components to be added or updated with minimal impact on the components in the other layers. We believe this will support greater levels of competition and innovation especially in the upper layers of the NPA.

In your view, as vendor or service provider, will layering the NPA in this way simplify access and improve your ability to compete in the UK payments market?

Yes No

If not, please explain why.

No response.

Question 1.5

With the recommended centralised clearing and settlement option, as a participant or vendor who is accessing or delivering the clearing and settlement service, do you think:

a. We have reached the right conclusion in recommending this option? If not please explain why.

Yes No

We strongly believe a predominantly centralised structure offers the biggest advantages, given the critical importance of ensuring that the UK's payment infrastructure remains resilient, reliable, fast, cost effective, secure and scalable.

b. The right balance of managing risk versus competition has been achieved? If not please explain why.

Yes No

As stated in our answer to Q 1.5, we strongly believe that a predominantly centralised structure offers the biggest advantages in managing risk, efficiency, resilience and reliability.

In terms of the possible competition models that could apply in a centralised scenario, we would note that competition could be further increased through providing the option of direct contracting between banks/participants and infrastructure providers. This could also allow for additional benefits, such as allowing individual innovations to be developed for one bank/participant without the need to be provided to all banks/participants as a way of incentivising bank innovation.

Question 1.6

Do you agree with our analysis of each of the clearing and settlement deployment approaches?

Yes No

Which is your preferred deployment approach?

We believe that the multi-deployment approach, if implemented in a way which enabled direct contracting between banks/participants and infrastructure providers, would offer the advantage of helping to unlock a number of further competition benefits. For example, direct contracting is already an established market

feature in the Single Euro Payments Area (SEPA). As mentioned above, direct contracting enables innovation to the benefit of end users, as new solutions are developed unilaterally (and more quickly) between an individual bank and infrastructure provider.

Question 1.7

As a vendor of services in any layer of the NPA, do you think that more work is required to prove any of the main concepts of NPA before embarking on the procurement process?

Yes No

If so, please explain which areas and why.

We do not believe that the PSF needs to focus on developing proofs of concept. In line with our answer to Question 1.3 we believe that the priority should rather be on further developing the NPA blueprint to ensure that it contains a comprehensive set of requirements, all articulated at a relatively high level of detail and validated against end user needs and impacts. Once this has been achieved, the market will be optimally placed to develop and prove innovative solutions via the subsequent process of competitive procurement. As also raised in our response to Question 1.3, we feel that the blueprint should avoid endorsing specific technical concepts or methods at this stage.

2 Collaborative Requirements and Rules for the 3 End-User Solutions

This section has been deliberately left blank, as non-applicable to vendors.

3 Implementation Plan

Question 3.1

Are there any additional principles you think we should add or significant amendments to those already stated?

Yes No

We agree with the suggested list of planning principles, but would recommend adding an additional principle under the 'Customer Considerations' category that the plan should aim to minimise transition cost implications for end users including the broader business community (e.g. DD originators).

Question 3.2

Are there any additional assumptions you think we should add or significant amendments to those already stated?

Yes No

We are broadly supportive of the proposed list of planning assumptions, but would suggest also adding in a reference to a further assumption that maintenance processes would be in place to ensure that relevant elements of 'old' and 'new' systems are kept in-sync – such as EISCD and CASS.

Question 3.3

Do you agree with the sequence of events laid out in the implementation plan?

Yes No

If not, what approach to sequencing would you suggest?

The high level sequencing proposed appears logical. However, we would welcome clarification on one technical point. The description of Transition State 1, Phase 2 includes a reference to the sending of FPS Future Dated Payments. Given that these are unattended batch payments is it proposed that they should be migrated in line with the attended FPS payments, or migrated in Transition State 2 with other unattended payments such as Standing Orders?

Question 3.4

Do you agree with the high-level timetable laid out in the implementation plan?

Yes No

If not, what timing would you suggest?

Taken in isolation and from our specific perspective as an infrastructure provider, the relevant elements of the high level timetable look reasonable. More broadly though, given the need to balance the impacts on all stakeholder communities (including the corporate community – see our comments in our answers to questions

1.1 and 1.3) we would see the transition approach and timetable as key matters for the NPSO to develop in more detail, taking account also of the need for sequencing against other external developments and dependencies, such as the refresh of the RTGS system, PSD2 and Open Banking.

Question 3.5

Are there any significant potential risks that you think the implementation plan does not consider?

Yes No

If the answer is yes, then please provide input about what they are and how we can best address them.

We believe that the level of impact on the corporate community of the transition to the NPA has been underestimated in the blueprint (see our answers to questions 1.1 and 1.3 for more details). The implementation plan also creates a dependency on the timely availability and adoption of transition solutions to support existing Direct Debit/Direct Credit users. We would also suggest that 'reputational risk' may be worth adding as an important risk category to be managed and mitigated given the scale of the proposed changes.

Question 3.6

Do you agree with our proposed transition approach?

Yes No

If not, please provide your reasoning?

Taken in isolation and from our specific perspective as an infrastructure provider, the relevant elements of the high level transition approach look reasonable. More broadly though, given the need to balance the impacts on all stakeholder communities (including the corporate community – see our comments in our answers to questions 1.1 and 1.3) we would see the transition approach and timetable as key matters for the NPSO to develop in more detail, taking account also of the need for sequencing against other external developments and dependencies, such as the refresh of the RTGS system, PSD2 and Open Banking.

4 Cost Benefit Analysis of the NPA

Question 4.1

Are there any material, quantifiable benefits that have not been included here?

Yes No

If not, please explain provide details.

There are no additional benefits that we are aware of which are not included.

Question 4.2

Do you agree with the cost assumptions with regard to the NPA and each of the overlay services (Request to Pay, Enhanced Data, Assurance Data)?

Yes No

If not, please state your reasons and if possible, suggest alternatives or additions

We consider that the estimates appear to be low, on the basis that corporate migration/adoption costs are excluded as assumed to be absorbed, however these could be very significant.

Question 4.3

Do you agree with our description of the alternative industry minimum approach? If not, please explain your reasoning.

Yes No

We support the decision to include a counterfactual within the CBA, but do not believe that that the chosen 'alternative industry minimum approach' represents a credible alternative scenario. An approach which incurs the costs of enabling current schemes (FPS and Bacs) to move to ISO 20022, but does so in a way which excludes any of the benefits of doing is not realistic. Therefore we would suggest that it would be more robust to use a more realistic alternative counterfactual scenario such as the following example:

- For FPS and Bacs to be upgraded to ISO 20022 and to include both the costs and the benefits of the upgrade in the counterfactual (with the costs and benefits to include therefore implementation of relevant end-user overlay services such as enhanced data).

5 NPA Commercial Approach and Economic Models.

Question 5.1

Does our competition framework adequately capture the types of competition that may exist in payments?

Yes No

Whilst the competition framework does outline the different types of potential competition, we do have concerns with a number of the specific points made in this chapter, which we would highlight as follows.

1. **Restriction of competition:** While it is unlikely to be the intention of the PSF, there are a number of suggestions in the blueprint which would have either as their intent or their effect the distortion of competition, with the potential to negatively impact the establishment of a well-functioning market that can deliver the best outcomes for consumers. For example:
 - The blueprint states that ‘there may be instances however, where elements [of competition] could be subdivided and provided by multiple vendors.’ (page 63). We consider that it may be appropriate that services are contracted through multiple contracts, but this wording in the blueprint implies that these contracts must be won by different vendors. We consider that such a requirement would restrict and distort competition – because in effect the winner of one contract could be precluded from bidding for a different contract.
 - The blueprint states that the PSF is considering ‘Temporarily prohibit[ing] access to overlay services market for infrastructure providers.’ (Table 5.2). Prohibiting infrastructure providers from providing overlay services would be anti-competitive and potentially detrimental to service users. Such restrictions to competition could breach competition law.
2. **Intellectual property:** The blueprint discusses the role of intellectual property rights, and considers that it is appropriate for the NPSO to control these rights. The issue is more complex than suggested by the blueprint. First, vendors may use existing IP in services provided to the NPSO. In fact, this is probably to be welcomed because using proven IP could facilitate an efficient and resilient NPA. Second, where new IP is created by the establishment of the NPA, it is worth considering how those IP assets are used in the best interests of UK service users.

Generally, we feel the NPSO’s focus from a competition perspective should be on scoping requirements and accrediting participants in ways which maximise the opportunity to promote competition and deliver positive outcomes for end-users.

Question 5.2

Do you agree with the NPA competition categories described?

Yes No

If not please explain why?

See our answer to question 5.1 above.

Question 5.3

Does our framework capture the dynamic roles the NPSO may play in the market?

Yes No

The framework does not fully capture the possible future roles for the NPSO. We believe there are further possible roles, such as purchasing/commissioning a proof of concept in order to validate the value of an idea.

Question 5.4

Are there any other important criteria that we should use to assess the funding options we have identified?

Yes No

The funding and financing of the NPSO and its activities will ultimately be a matter for the Board of the NPSO to determine. In our view the NPSO should be free to explore a wide range of possible funding options.

Question 5.5

Marked as investors only

Do you agree with our NPA competition assessment? If not please explain why?

Yes No

No response.

Question 5.6

Do you agree with our assessment of End-user Solutions? If not please explain why?

Yes No

We do not agree with the assessment of how a competitive market might work for end-user solutions. We are particularly concerned by the level of intervention suggested in the blueprint. In particular, the concept that vendors may need to recuse themselves from (or may be prevented from entering) the overlay market is anti-competitive and hence deeply concerning.

Question 5.7

Do you agree with our list of funding stakeholders? If not please explain why?

Yes No

See our response to question 5.4 in this section.

Question 5.8

Are there other significant sources of funding or types of funding instruments the NSPO could secure that have not been described?

Yes No

See our response to question 5.4 in this section.

6 Improving Trust in Payments

Question 6.1

Do you agree with the outlined participant categories identified for the Payments Transaction Data Sharing and Data Analytics Strategic Solution?

Yes No

We agree with the categories, but noted that it was not immediately clear who the 'investigators' would be if not the police – we believe this may refer to the security services. This may benefit from minor clarification in the finalised blueprint.

Are there other categories that should be considered for inclusion? Please explain your response.

Yes No

We believe that there needs to be consideration on whether the categories are sufficiently granular – e.g. arguably government and law enforcement represent umbrella terms for very different groups of users with distinct needs. The draft may therefore benefit from greater detail on anticipated users and their respective requirements.

Additional to this, 'corporates' should be added to the participant categories, given potential use cases to combat/reduce fraud for large corporates. We would additionally value clarity on whether services such as money transfer services and crypto currency are classed under PSPs and therefore in scope – we believe they should be.

Question 6.2

What is your opinion on the role non-payments industry participants should have as part of the Payments Transaction Data Sharing and Data Analytics Strategic? (This could include Government, Law Enforcement, or others). If appropriate, please outline usage of the system, provision of data to the system, and legal considerations for participation.

Subject to an appropriate commercial and competitive approach, we believe this could be beneficial to the solution, as it would allow for a richer data set and greater variety of use cases.

Question 6.3

Do you agree with the potential use cases outlined for the Payments Transaction Data Sharing and Data Analytics Strategic Solution?

Yes No

We agree with the use cases outlined, but note that additional use cases may emerge over time.

Question 6.4

Do you agree with key principles we have outlined for the implementation of the Payments Transaction Data Sharing and Data Analytics Strategic Solution?

Yes No

No response.

Question 6.5

Other than those already listed, what stakeholders should be consulted and engaged during the design and implementation of the Payments Transaction Data Sharing and Data Analytics Strategic Solution?

Yes No

No response.

Question 6.6

Do you agree with the high-level timeline for the Payments Transaction Data Sharing and Data Analytics strategic solution?

Yes No

If not, what timing would you suggest and why?

No response.

Question 6.7

Do you agree with the establishment of the recommended framework for the sharing and exchanging of a core set of SME customer data enforced by a governance body and supported by a temporary testing environment?

Yes No

If not, please explain your reasoning.

No response.

Question 6.8

PSPs and Corporates only

We are keen to get your input on the benefits provided by the framework.

a. Do you agree that the focus on sharing a core set of SME customer data is beneficial for the KYC processes in your organisation?

Yes No

If not, please explain your reasoning.

No response.

b. Which other business activities could be supported by/benefit from the sharing and exchanging a core set of SME customer data?

No response.

Question 6.9

Do you agree that the topics covered by the standards provide sufficient guidance in order to implement the data sharing framework without being too prescriptive?

Yes No

Are there additional topics you believe should be included?

We believe the topics covered provide sufficient guidance.

Question 6.10

To engender trust in the sharing and exchanging of a core set of SME customer data, are there other responsibilities you would expect the governance body to have oversight over?

Yes No

No response.

Question 6.11

In your view, do any existing bodies (industry or other), already perform this oversight role?

Yes No

If not, is there an existing body you believe should perform this role, or would you expect a new body to be established?

We believe that the NPSO would be the logical home for this. Given the drive to consolidate schemes it would be logical to make use of an existing payments oversight body.

Question 6.12

Do you think a temporary testing environment as described is the right approach?

Yes No

If not, please explain your reasoning.

No further comments.

Question 6.13

Are there any other key features you would expect in the temporary testing environment?

Yes No

We believe that the temporary testing environment covers the key features. However we would expect the oversight body to ensure the temporary testing environment is kept up to date to allow for ongoing proof of concept activity and solution development by participants.

Flexibility and speed of testing will be key so that new technologies can be rapidly sandbox tested without lengthy approval processes to slow down innovation.

Question 6.14

Do you agree that value-added service providers would benefit from the data sharing environment enabled by the framework?

Yes No

No further comments.

Question 6.15

PSPs and Corporates only

Are the arguments put forward compelling enough to encourage net data providers to engage?

Yes No

If not, please provide examples of what else would be required to make them participate

No response.

Question 6.16

PSPs and Corporates only

Do you see other advantages or challenges for net data consumers that were not listed above?

Yes No

Please explain your answer.

No response.

Question 6.17

Do you agree with the high-level implementation timeline for the Trusted KYC Data Sharing solution?

Yes No

If not, what timing would you suggest and why?

No response.

Question 6.18

Are there other initiatives with a similar focus that should be considered in order to deliver the Trusted KYC Data Sharing solution?

Yes No

No response.

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