

13 Nov 2017

Dear Stephen,

Thank you for your letter of 20th September confirming that UK Finance progress the proposals set out in my earlier letter. The Forum sees this as a positive step in addressing the consumer detriments we identified at the start of our work.

We have recently consulted on two further proposals led by our Financial Crime Working Group - Trusted, KYC Data Sharing and Liability Models for Indirect Access. The Forum is proposing:

Trusted KYC Data Sharing Framework that comprises:

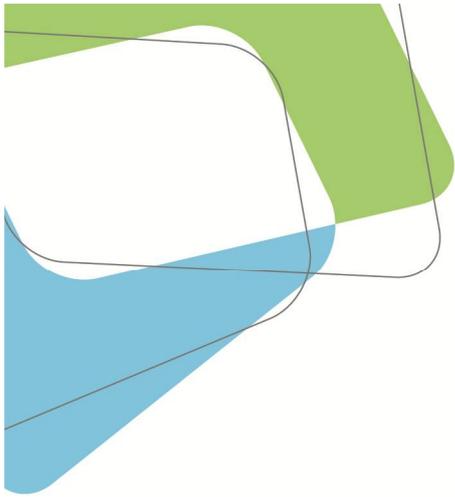
- Baseline standards for sharing a core set of SME customer data, accepted within and beyond the payments industry, to support SME KYC processes.
- A permanent governance body responsible for monitoring adherence to standards and rules. This includes the responsibility to mitigate the risks of abuse, fraud, privacy and security issues.
- A test environment aimed at encouraging the development of a market for value-added KYC services.

The Forum's expectation is that the baseline standards for this are published in the second half of 2018, with value added solutions coming to market by the end 2020.

Liability Models for Indirect Access to:

- Update JMLSG Part II MSB Guidance to include liability guidance based on the Forum's concepts.
- Invite the FCA to identify suitable case studies that illustrate poor or inappropriate risk assessments that have been overly influenced by liability considerations.
- Develop Forum concepts further to reflect the interests of all Indirect and Direct PSPs. This must involve communication and discussion with a range of relevant trade associations.

The Forum's expectation is that detailed activity and resource planning, including further stakeholder engagement, will be completed by the end of Q1 2018 and draft models and concepts for broader review and testing will be agreed by the end of 2018. Guidelines should be published, having been issued for consultation with responses evaluated and incorporated as appropriate, by end 2019.



The Forum's conclusion is that UK Finance is the most appropriate organisation to take over responsibility of these two proposals. As you progress the work the Forum encourages you to operate with the same level of openness and transparency, and stakeholder engagement, as we have in developing these proposals.

I understand that handover discussions are underway. I would like to be in a position to confirm your acceptance at the Forum meeting on the 30th November.

Yours sincerely,

Ruth Evans - Chair, Payments Strategy Forum