

New Payments Architecture Design Hub - Terms of Reference

Background

1. The Payments Strategy Forum (the Forum) has concluded its first year of operation and produced a Strategy, 'A Payments Strategy for the 21st Century: Putting the needs of users first', published on the 29 November 2016. ¹
2. The Forum has identified that to fully meet the known needs of users and to create an environment flexible enough to meet future needs requires a New Payments Architecture (NPA). The core principles of the NPA which will underpin the detailed design phase in 2017 are:
 - i. A single set of standards and rules, with strong central governance
 - ii. End-to-end interoperability (including APIs and a common message standard)
 - iii. A thin collaborative infrastructure, allowing multiple providers of overlay services to compete in the market simultaneously
 - iv. Secure and resilient, with financial stability a key principle
3. The Forum commenced its implementation phase on 16 December 2016

NPA Design Hub scope and deliverables

4. The Design Hub (the Hub) will create a work plan based on the high level dates below and coordinate and oversee its work streams, driving their delivery and reporting to the Forum:
 1. **By January 2017**, developed its workplan and identified its resource requirements
 2. **By July 2017**, the Hub will design and document its draft NPA "blueprint" for public consultation. This will include:
 - i. detailed user requirements and rules for Request to Pay; Assurance Data and Enhanced Data
 - ii. results from designed / scripted pilot and transitional arrangements
 - iii. an implementation plan and cost benefit analysis
 - iv. funding models

¹ <https://www.paymentsforum.uk/final-strategy>

3. **By end 2017**, the Forum will finalise its design work and implementation planning and handover to the New Payment System Operator (NPSO). This will include addressing feedback from the public consultation; further design / definition on the above areas, and additional work on API development and standards definition
5. In designing the “Blueprint” and its implementation plan, the Hub should take into account all relevant industry initiatives, including the PSR market review into the ownership and competitiveness of infrastructure provision; the Bank of England’s strategic review of RTGS; the CMA’s open banking remedies and the implementation of PSD2.
6. The Hub will engage with the Payments Community to ensure buy-in / support from stakeholders
7. To support the development of the “Blueprint” the Hub will create and oversee four work streams. Each will have its own leads selected from the Forum:
 - WS1 - User requirements and rules
 - WS2 - Pilot and transition design
 - WS3 - Implementation planning and detailed Cost Benefit Analysis
 - WS4 - Economic Model and Funding

Design Authority and Work Stream operating principles

Co-Chairs and membership

8. It will be the role of the Hub Co-Chairs:
 - To appoint, with support from the Forum secretariat, the members of the Hub, some of who are expected to be from the wider Payments Community.
 - To ensure the agreed scope, objectives and deliverables are being met.
 - To initiate and ensure the effective and timely delivery of the individual workstreams
 - To report back to the Forum.
9. To ensure alignment with relevant initiatives the Hub Co-Chairs will ensure the relevant organisations are properly represented. This will include representatives from the Payment System Operators (PSOs); the Bank of England’s RTGS review project team and API Implementation Entity.
10. Membership of the Hub will be open to anyone from the Payments Community who can demonstrate the technical expertise required and are able to actively contribute resources to the work.
11. The PSR, the FCA and Bank of England should be invited to attend the Hub and its Workstreams as observers.

Alignment with the Payment System Operator Delivery Group

12. The Strategy recommends the consolidation of three of the retail interbank Payment System Operators; Bacs, Cheque & Credit Clearing and Faster Payments, into a New Payment System Operator (NPSO).
13. The Payment System Operator Delivery Group (PSODG) ² has been established by the PSR and the Bank of England to consider key issues relating to this consolidation.
14. The PSODG is expected to develop implementation options / recommendations and submit to the PSR and the Bank no later than 31st March 2017. The plan should enable any consolidation process to be substantially accomplished to a safe, realistic but challenging deadline. This is expected to be by no later than 31 December 2017.
15. The Forum believes that the NPSO should be designed in a way that it is responsible and accountable for the final design and implementation of the NPA and capable of procuring its component parts. The Forum expects to 'handover' its work to the NPSO in 2017, and as such the Hub should engage with the PSODG and NPSO as appropriate prior to this handover.
16. As the Hub progresses its work it is also important that the technical experts working within the current PSOs play an essential part in the development of its proposals. The Forum therefore expects that the retail interbank PSOs are properly represented on the Hub and its workstreams.

Resourcing

17. The Hub Co-Chairs will be responsible for identifying and securing the necessary resource to meet its scope, activities and deliverables. The Hub will also be able to call on resource/ meaningful support from a 3rd party consultant selected by the Forum
18. Project Management and secretariat resource for both the Hub and its Workstreams will be provided by the 3rd party
19. Production of meeting papers and the key project outputs / documents will be undertaken by workstream members and the 3rd party consultant
20. The Hub Co-Chairs and Workstream Leads will, where practicable, provide dedicated resource from their own organisations
21. Additional technical expertise will be drawn from the Payments Community on a voluntary basis. It will be the role of the Hub Co-Chairs to identify the technical expertise required and work with the Forum Secretariat to communicate this to the Payments Community

² <https://www.psr.org.uk/sites/default/files/media/PDF/PSODG-Terms-of-Reference.pdf>

22. Members of the Hub will be expected to actively contribute to one or more of the Workstreams. The Hub Co-Chairs reserve the right to replace Members if they are not making an active contribution.