A Blueprint for the Future of UK Payments
11th December 2017
The Payments Strategy Forum (the Forum) was announced by the Payment Systems Regulator (PSR).

The Forum was established.

The Forum published its Strategy, a bold vision for the future of UK retail interbank payment systems.


The consultation closed on 22 September 2017.

Handover to the NPSO and publication of updated Blueprint.
Stakeholder engagement

We collaborated with a wide range of stakeholders:

- Government
- PSPs
- Industry experts
- Trade bodies
- Payment System Operators
- Vendors
- Investors
- Corporates
- SMEs
- Consumers
- Charities
- Retailers

Payment System
Operators
Three End-User Needs solutions were prioritised in the PSF strategy

1. Request to Pay
   ‘Request to Pay’ addresses detriments arising from a lack of sufficient:
   a) control
   b) flexibility and transparency in the current payment mechanisms to meet the evolving needs of some payment service users

2. Assurance Data
   ‘Assurance Data’ addresses detriments arising from a lack of assurance to payers. Lack of assurance:
   a) that they have sufficient funds to make the payment
   b) that they are making the payment to the intended payee’s account
   c) on the status and position of a payment once it is made

3. Enhanced Data
   ‘Enhanced Data’ addresses the limited capacity in current payment systems to carry more structured data alongside the payment
   Key detriments addressed are:
   a) lack of sufficient data especially to allow reconciliation
   b) lack of sufficient data to respond to increased data demands such as for Data Analytics etc.
We have gone through a rigorous and exhaustive process leading to the development of the EUN standards

- **Experienced Working group and support team:** Made up of representatives from the industry and PSOs, led on the standards development

- **Pool of industry volunteers:** We benefited from a pool of volunteers who shared their experiences, peer reviewed documents and proposals etc.

- **Extensive stakeholder engagement:** We have conducted numerous workshops and meetings with various stakeholder groups to define use cases; gather requirements and rules as well as critique and provide feedback

- **Robust participation:** 47 organisations responded to the consultation questions that we posed

- **Response analysis and follow-up:** In addition to the consultation responses, 27 organisations volunteered to work through outstanding items such as liability considerations, data protection etc.
What next for the end-user needs solutions?

**Consumers**
- **Adoption:** To succeed, end-users need to adopt the solutions developed.
- **Maintain engagement with the industry:** End-Users should continue engaging the payments industry.
- **Advocacy:** Consumer groups must carry on with engaging and working with the industry to the benefit of consumers.

**PSPs**
- **Development of the solutions:** PSPs – Banks, Building Societies, Fintech etc. – will have the important role of competitively providing the EUNs to end-users.
- **Responding to end-user needs:** The needs of users are constantly evolving and it is key that PSPs are receptive and responsive to these changes.

**NPSO & PSR**
- **Next phase of development:** The NPSO will lead on the next phase of development leading to their implementation.
- **Creating an environment which fosters competition and innovation:** The PSR and NPSO should ensure that the right conditions are in place to enable development of competitive solutions that address end-user needs.
New Payments Architecture (NPA)

Competition and innovation with a layered approach and a ‘thin’ collaborative infrastructure.

Strong central governance with a single set of standards and rules.

Access, innovation and interoperability, both in the UK and potentially internationally with the adoption of common, international messaging standard, ISO 20022.

Flexibility to support a range of existing and new end-user overlay services, e.g. Direct Debit, Request to Pay and Confirmation of Payee.

Simplicity and increased customer control with the use of ‘push’ payments.

Security and resilience, with financial stability.
The NPA builds on current industry initiatives

 Regulatory
 PSR: Infrastructure Market Review
 Anti-Money Laundering Regulation
 GDPR
 PSD2

 Requirements
 BoE RTGS
 Existing Scheme Requirements
 End User Needs

 Industry

 NPA Implementation
 Pre-existing activity
 Open Banking
 Project Devon (FPS)
 Project Somerset (Bacs)
 ICS

 New activity
 NPA additional elements
 Market Driven

 Extent of NPSO activity
NPA strawman implementation plan

[Diagram showing the implementation plan for NPA, with timelines and key milestones for Existing, NPA, and NPSO Governance activities from 2017 to 2023.]

- Existing processes
- Extended running & close down
- Procure / Build / Test
- Migration / Run
- Governance activities
- Overlay development
- Constraints
- Enablers

* First possible termination date
Indicative Confirmation of Payee plan

API development
- API spec design
- API build
- Test and assurance

PSP
- PSP engagement
- PSP API build and configuration

Rules & Development
- Accreditation framework
- Communications
- Legal framework

NPSO Governance
- 2017
- Q1 2018
- Q2 2018
- Q3 2018
- Q4 2018
- Q1 2019
- Q2 2019
- Q3 2019
- Q4 2019

Open Banking/PSD2
- API spec ready

NPA

API design, development, PSP engagement, build, on boarding, Governance activities, Dependencies
Ongoing
Milestone
Enhancement
### Improving Trust in Payments: Solution objectives

<table>
<thead>
<tr>
<th>Customer education</th>
<th>Identity Guidelines</th>
<th>Financial Crime Prevention</th>
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<tbody>
<tr>
<td>KYC data sharing</td>
<td>Enhancement of Sanctions Data Quality</td>
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- Enable targeted, collaborative financial crime campaigns
- Guidelines to help approaches to identity verification
- Accelerate good actor on-boarding with KYC data sharing
- Promote the need for data quality of sanctions list entries

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<th>Financial Crime Response</th>
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<td>Financial Crime Information Sharing</td>
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- Promote access to known and suspected financial crime data
- Combat financial crime with connected, real time analytics

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- Promote competition for the provision of banking services by clarifying money laundering responsibilities for indirect account provision
Improving Trust in Payments: Owners moving forward

UK Finance

- Customer education
- Financial Crime Information Sharing
- KYC data sharing
- Identity Guidelines
- Enhancement of Sanctions Data Quality
- Liability Models for Indirect Access

NPSO

- Transaction Data Analytics

[Diagram showing the relationship between UK Finance and NPSO with specific initiatives listed.]
Appendix
Confirmation of Payee – combined approach

Following respondent feedback, we identified a combined approach that leverages on the advantages of both approach 1 and 2 and addresses the cons highlighted.

1. The payer provides the payee’s account name, account number and sort code.
2. The payer’s PSP forwards the details provided to the payee’s PSP.
3. The payee’s PSP returns the payee’s account name (plus address and registration number for companies) to the payers PSP.

*Account number and sort code

4a. [For personal accounts] The payer’s PSP compares the details provided by the payer to the details provided by the payee’s PSP (one-to-one match).

4b. [For personal accounts] The payer’s PSP returns an affirmative/negative response.

5a. [For corporate accounts] The payer’s PSP verifies the name, address and registration number.

5b. [For corporate accounts] The payer’s PSP plays back the name, address and registration number.