



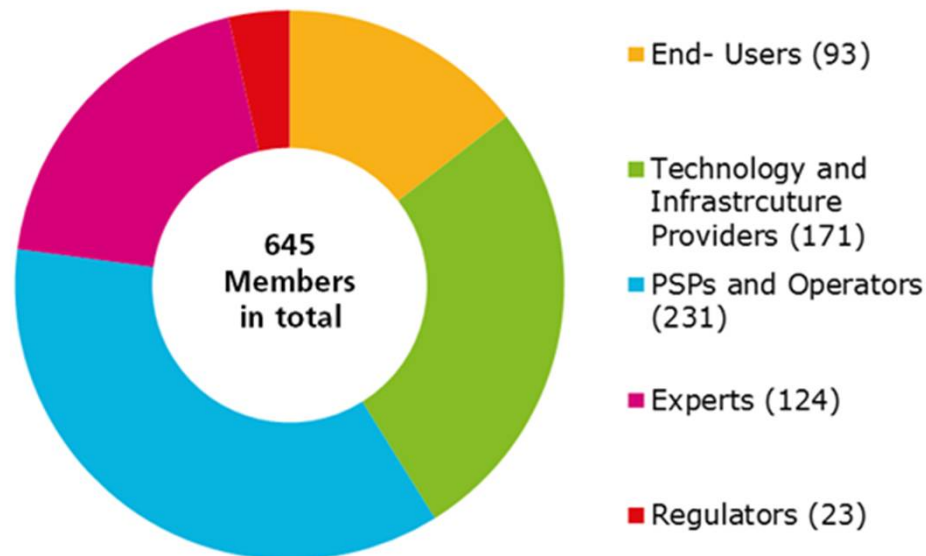
Consultation Briefing Session 5th September 2017

Faith Reynolds, Payments Strategy Forum

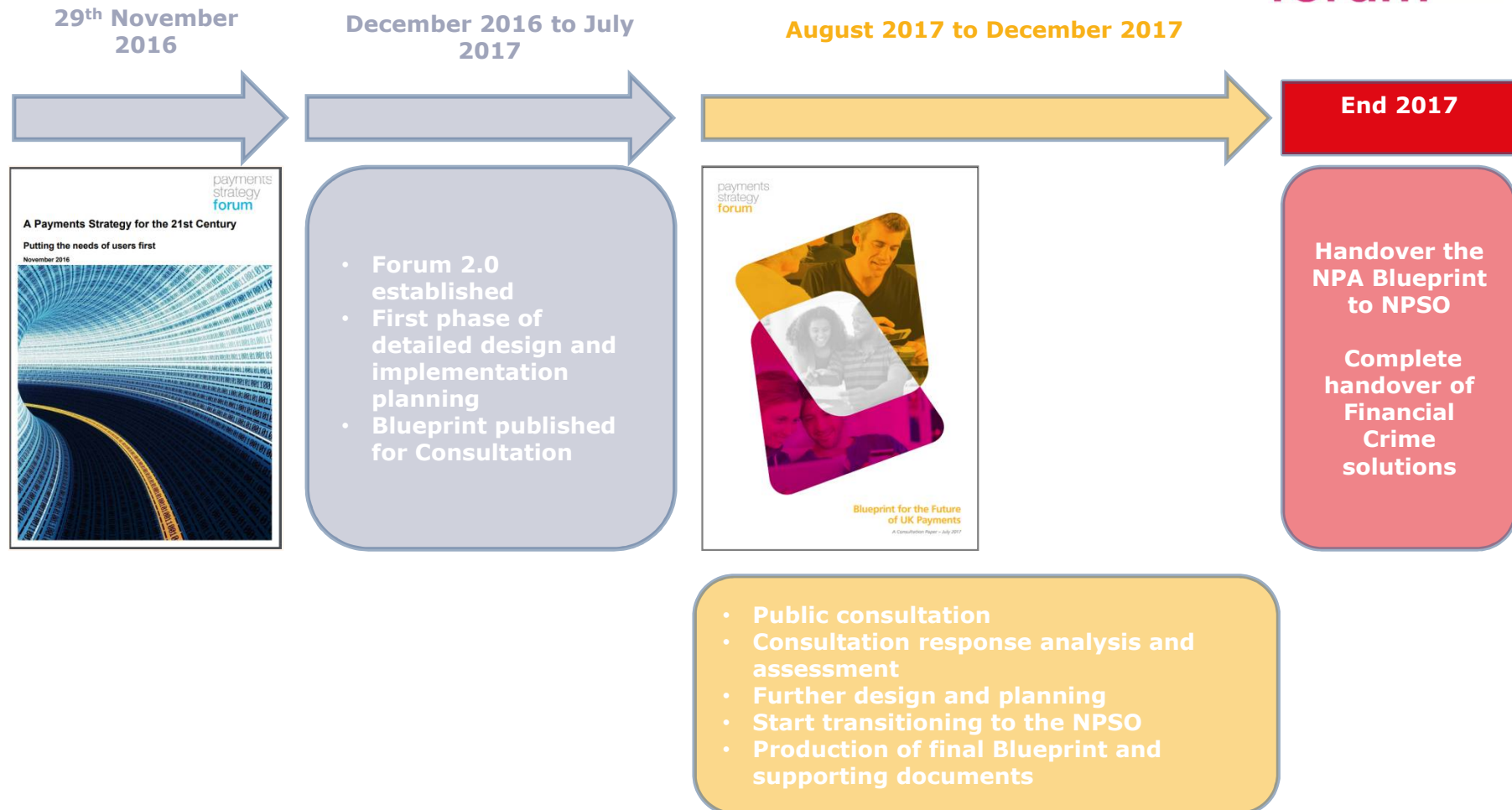
Introductions and welcomes

- The role of the Payments Community is crucial to the work of the Forum
- You provide a wide range of knowledge, skills and expertise
- Your continued and active engagement through this Consultation period will help the Forum produce a final Blueprint that meets the needs of all users.

The Payments Community



Progress since November and next steps



Ongoing engagement with the Payments Community

Focus for today

- **Two key objectives:**
 1. **For those planning to respond to the Consultation it is an opportunity to ask questions of key Forum and Working Group members**
 2. **For those not be able to respond it is an opportunity to raise direct feedback**
- Attendees split into three groups - **GREEN**, **RED** and **BLUE** – please check your lanyard and logo to check which group you are in. Which session you are in, when and where is set out on the agenda.

| Session | NPA Blueprint | User Requirements and Rules | Improving Trust in Payments |
|----------------|---------------|-----------------------------|-----------------------------|
| Room | Thames 1 | Thames 2 | Westminster |
| 9.20 to 10.20 | GREEN | RED | BLUE |
| 10.45 to 11.45 | BLUE | GREEN | RED |
| 11.50 – 12.50 | RED | BLUE | GREEN |

- Each Panel session will be documented. Feedback will be anonymised and aggregated, fed into the Consultation process and published on the Forum's website.



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New Payments Architecture Community Briefing

5th September 2017



Session Outline

| Topic | Duration | Speaker |
|--|------------|-----------|
| 1. Welcome, Introduction to Panel Members, and Solution Overview | 10 minutes | Otto Benz |
| 2. Questions | 40 minutes | Panel |
| 3. Session Close | 10 minutes | Otto Benz |

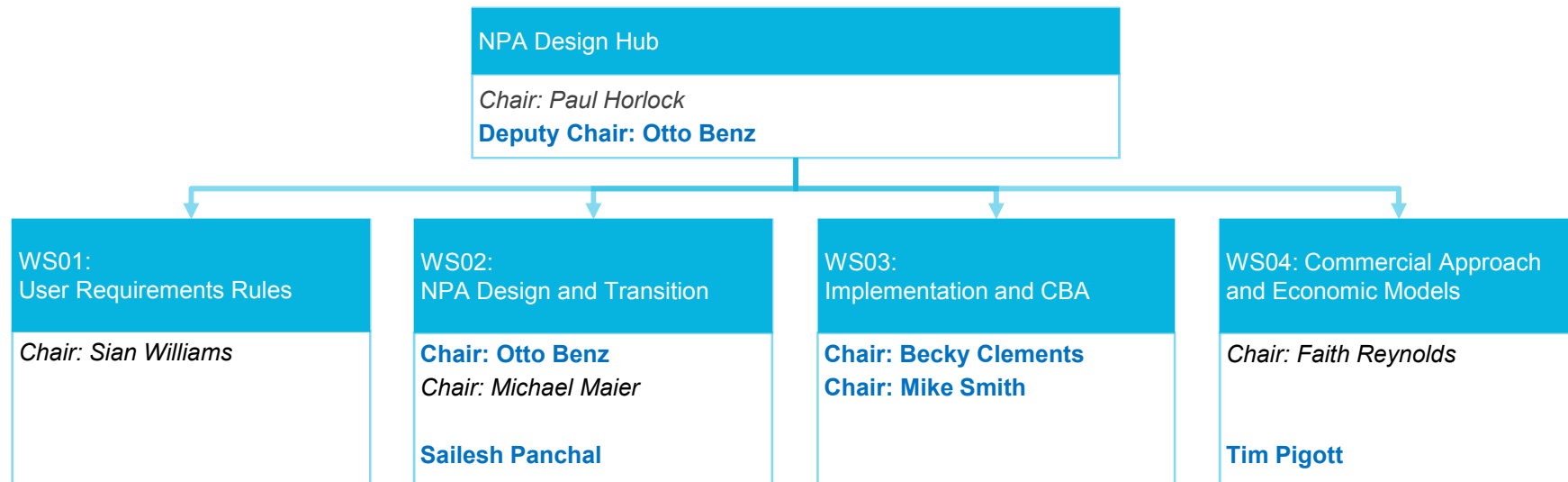


The Panel

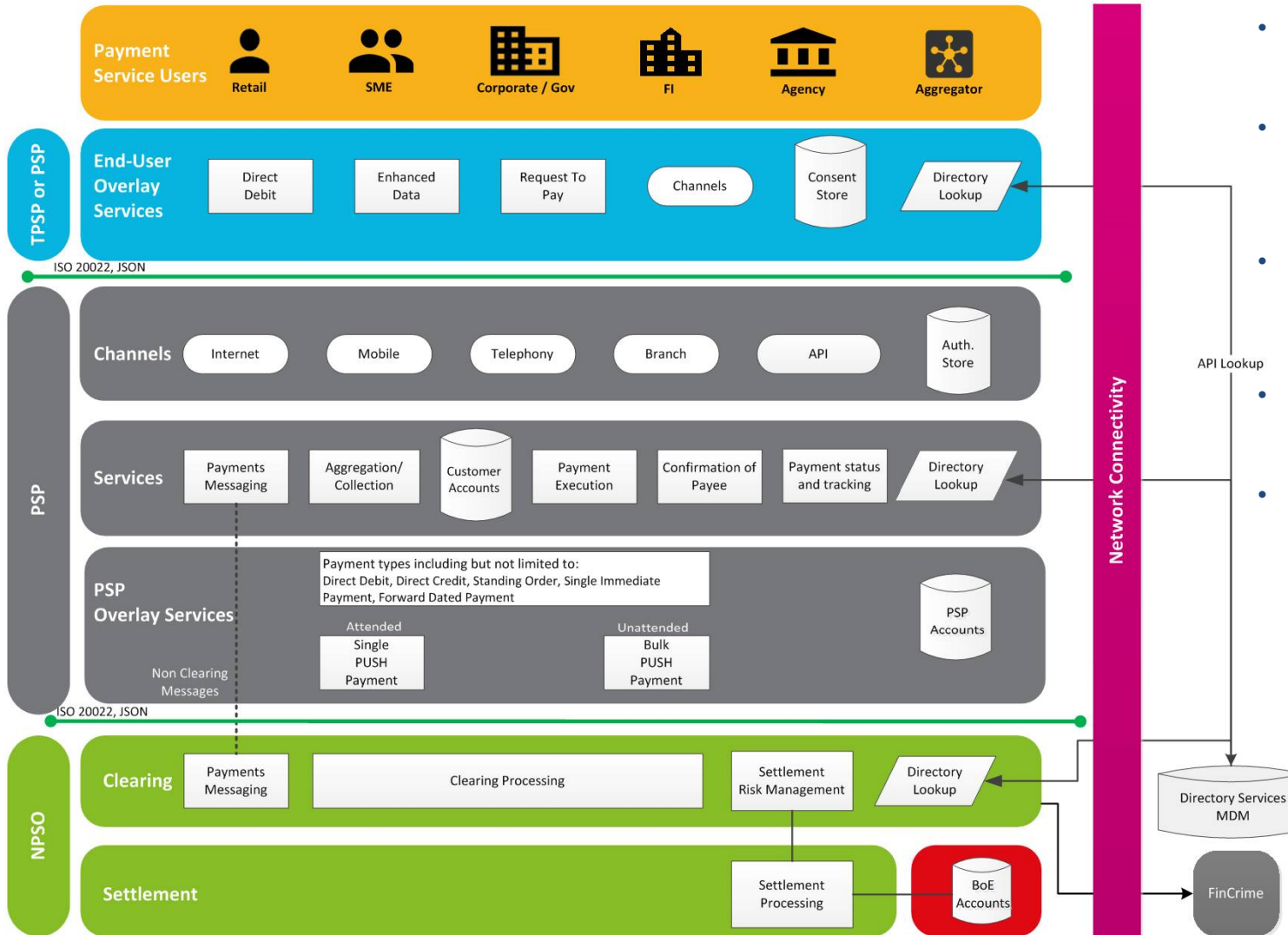
| Name | Credentials |
|-----------------|---|
| Otto Benz | <ul style="list-style-type: none">• Director - Payments Technical Services at Lloyds Banking Group• Payments Strategy Forum Member• Deputy Chair – NPA Design Hub• Chair - NPA Design and Transition |
| Sailesh Panchal | <ul style="list-style-type: none">• Chief Technology Officer at Orwell Group• NPA Chief Architect |
| Brendan Peilow | <ul style="list-style-type: none">• Head of Industry Engagement and Payment Change at Metro Bank (UK)• Payments Strategy Forum Member• Chair – NPA Implementation Planning |
| Mike Smith | <ul style="list-style-type: none">• Commercial Director, Raphaels Bank• Payments Strategy Forum Member• Chair – NPA Cost Benefit Analysis |
| Tim Pigott | <ul style="list-style-type: none">• Senior Risk Manager, Group Operational Risk Oversight at Nationwide Building Society• Member-NPA Commercial Approach and Economic Models |

Design Hub Workstream Structure

The NPA has been developed by the Design Hub:

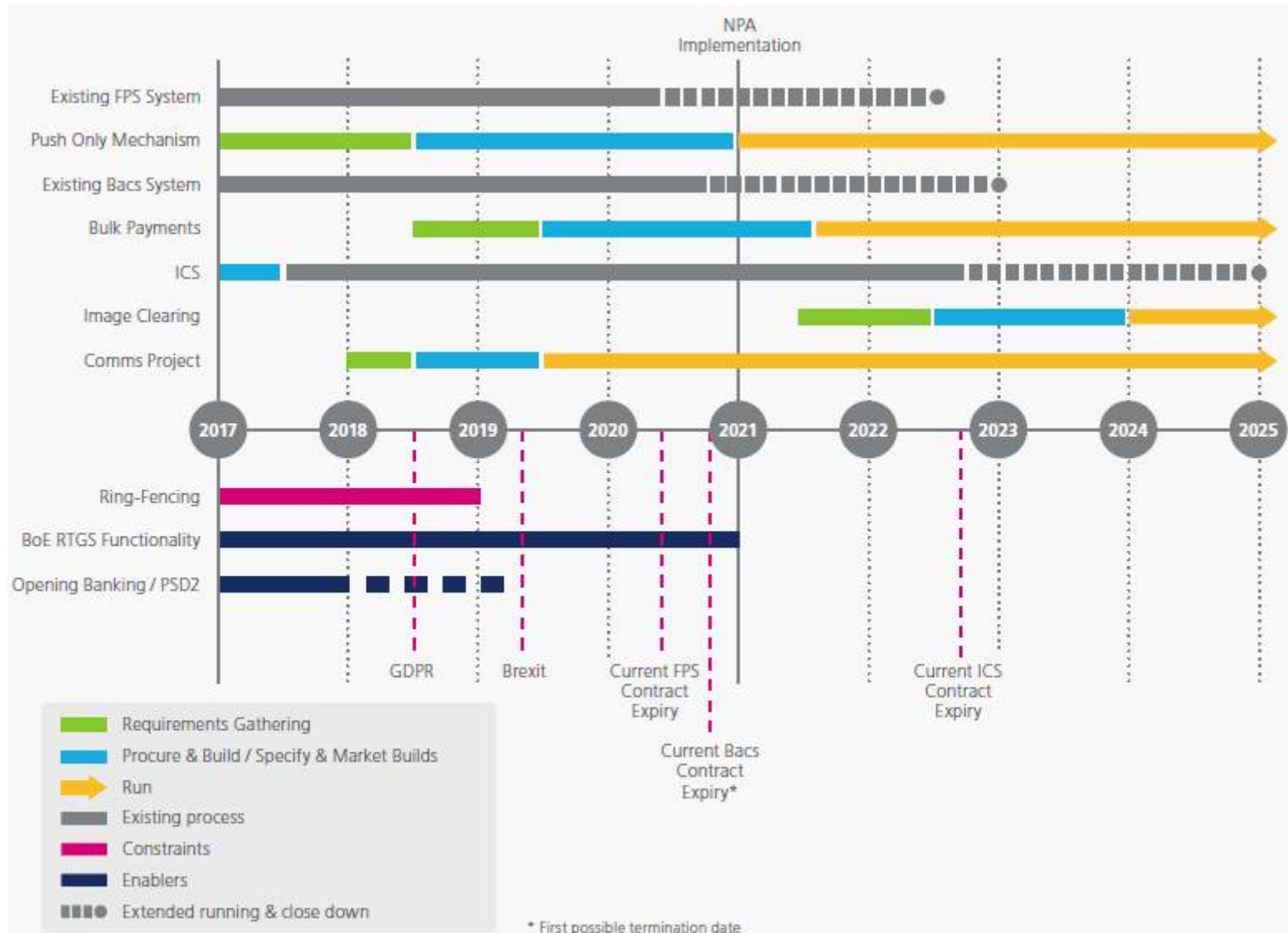


Proposed Layered Architecture

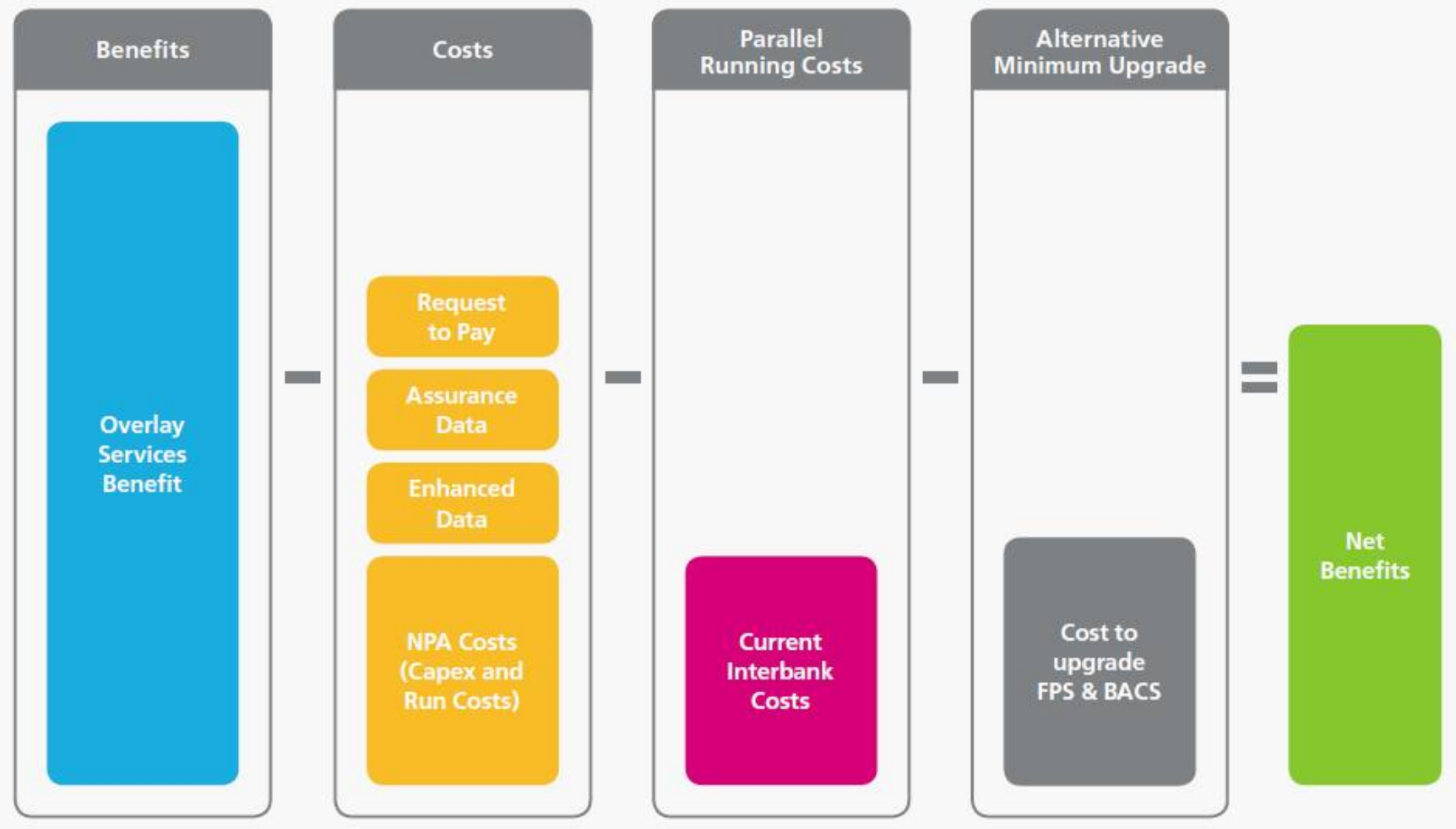


- A layered approach to enable competition and innovation.
- A single set of standards and rules with strong central governance.
- Adoption of the common international messaging standard, ISO 20022.
- Security and resilience, with financial stability a key principle.
- The use of 'push payments' to enable simplicity and increase customer control

Proposed Implementation Schedule



Cost Benefit Analysis



Commercial Approach and Economic Models

| Competition | "In the market" | | "for the market" |
|------------------|--|--|--|
| Types | I. Unaccredited | II. NPSO Accredits | IV. "Market catalyst" ← III. NPSO Procures" |
| Systemic Risk | Contained | Systemic risk managed through accreditation | High Systemic risk managed through procurement |
| Example Elements | <ul style="list-style-type: none"> • Data centres • Payment staff | <ul style="list-style-type: none"> • Bureaux • Connectivity providers • Aggregators | <ul style="list-style-type: none"> • Payment systems (BACS) • Settlement services (RTGS) |
| Rationale | <ul style="list-style-type: none"> • Full risk and liability is held by PSP • Non-payment industry standards apply | <ul style="list-style-type: none"> • Provide confidence to the market • Payment industry standards apply • Enable services in the market to operate | <ul style="list-style-type: none"> • Technical or economic requirement for single provider • Multi-vendor procurement for subdivided contracts |

Questions

**Thank you for your
participation**



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End User Requirements and Rules Consultation Briefing Session

5th September 2017



Session Outline

| Topic | Duration | Speaker |
|--|------------|---------------|
| 1. Welcome, Introduction to Panel Members, and Solution Overview | 10 minutes | Sian Williams |
| 2. Questions | 40 minutes | Panel |
| 3. Session Close | 10 minutes | Sian Williams |



The Panel

| Name | Credentials |
|-------------------|--|
| Sian Williams | <ul style="list-style-type: none">• Director of the Financial Health Exchange• Payments Strategy Forum Member• Chair-EUN working group |
| Katherine Horrell | <ul style="list-style-type: none">• Group Treasurer Centrica Plc• Payments Strategy Forum Member |
| Brendan Peilow | <ul style="list-style-type: none">• Crown Representative, Banking and Payments, Cabinet Office• Payments Strategy Forum Member |
| Ruth Bookham | <ul style="list-style-type: none">• Payment Strategy Specialist, Nationwide Building Society• Member-EUN working group |
| Glyn Warren | <ul style="list-style-type: none">• Senior Payments Industry MGR, HSBC• Member-EUN working group |

A summary of the 3 End User Needs Solutions

1. Request to Pay



For a majority of end users, current push pull payments work well. However, for an increasing share of the market they are **not flexible enough to meet their needs** especially driven by changing labour arrangements where more and more people/businesses are on increasingly variable income and trading receipt patterns.

2. Assurance Data



At present **end users making a payment are subject to uncertainty at various points in the payment journey**. They are not able to determine for certain the identity of the recipient and thereafter the status of the payment-Receipt as well as any events mid flight.

A recent "Which? Super complaint" to the PSR highlights some of these vulnerabilities

3. Enhanced Data



Traditionally a payment carries a limited set of data (Amount, Date, Identity of Origin). This is supplemented documents sent via alternative means usually paper based e.g. receipts, invoices, tax certificates etc. **This inability to add data creates problems with providing sufficient data for reconciliation, adding additional data required for other solutions such as Request to Pay and Assurance Data etc.**

A Blueprint for the Future of UK Payments and the aim of the session today



01

A Blueprint for the Future of UK Payments

The Blue Print brings together the Forum's design work developed during this year for public consultation. The Consultation is an opportunity for everyone to have their say on the detailed design for the NPA and the future of payments in the UK.



02

What are we consulting on?

1. Do the EUN solutions, as designed, address the detriments identified in the strategy? Would you use/provide these solutions?
2. As an end-user or provider of these solutions what challenges do you foresee in the adoption of these solutions?
3. Do you agree with the considerations highlighted/have additional considerations?



03

What do we expect from you today?

Having read the consultation document, this session is an opportunity to:

1. Seek clarification on areas that may not be clear about the EUN solutions
2. Provide feedback on the blue print as part of the consultation process

**Thank you for your
participation**



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Improving Trust in Payments Consultation Briefing Session

5th September 2017



Session Outline

| Topic | Speaker |
|--|------------------|
| Introduction and welcome | Russell Saunders |
| Forum Working Structures, Introduction to Panel Members, and Solution Overview | Andrew Ducker |
| Questions | Neil Lover |
| Session Close | Russell Saunders |



The Panel

| Name | Credentials |
|------------------|---|
| Russell Saunders | <ul style="list-style-type: none">• Managing Director – Global Payments at Lloyds Banking Group• Payments Strategy Forum Member• Chair – Financial Crime Working Group |
| Neil Lover | <ul style="list-style-type: none">• Head of Payments and Financial Crime, Coventry Building Society• Payments Strategy Forum Member• Deputy Chair – Financial Crime Working Group |
| Andrew Ducker | <ul style="list-style-type: none">• Principal Consultant - Payments, Financial Crime Risk, Huntswood• Member – Financial Crime Working Group |
| Jim Winters | <ul style="list-style-type: none">• Director of Financial Crime, Fraud and Underwriting at TSB• Project Lead -Payments Transaction Data Sharing and Data Analytics |
| Andrew Wickham | <ul style="list-style-type: none">• Director EMEIA FS Advisory, EY• Project Lead – Trusted KYC Sharing |

Improving Trust in Payments

The overall objective of the six solutions in this area is to engender user trust in safe and certain payments through collaboratively preventing financial crime.

The Financial Crime, Data and Security Working Group has continued to be responsible for pursuing the Financial Crime solutions outlined in the Forum's Strategy, as well as the 'Indirect Access Liability Models' solution.

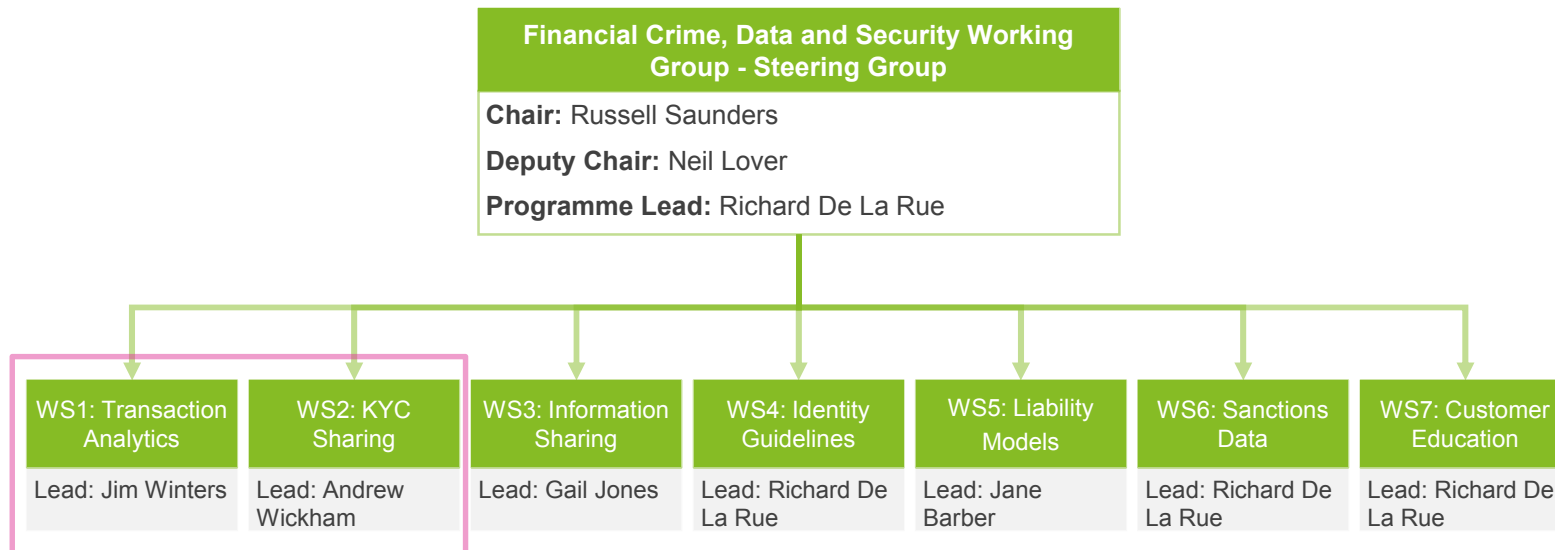
Five of the above solution workstreams are progressing to handover to appropriate organisations for implementation. Two solutions have been included in this year's consultation.

This session is an opportunity to ask questions about and discuss the solutions included in consultation:

- Payments Transaction Data Sharing and Data Analytics
- Trusted KYC Data Sharing

Financial Crime Workstream Structure

The Financial Crime, Data and Security working group is structured with individual solution teams for each solution, with its own Steering Group overseeing all workstreams.



Solutions included in consultation

Payments Transaction Data Sharing and Data Analytics

Solution Objective:

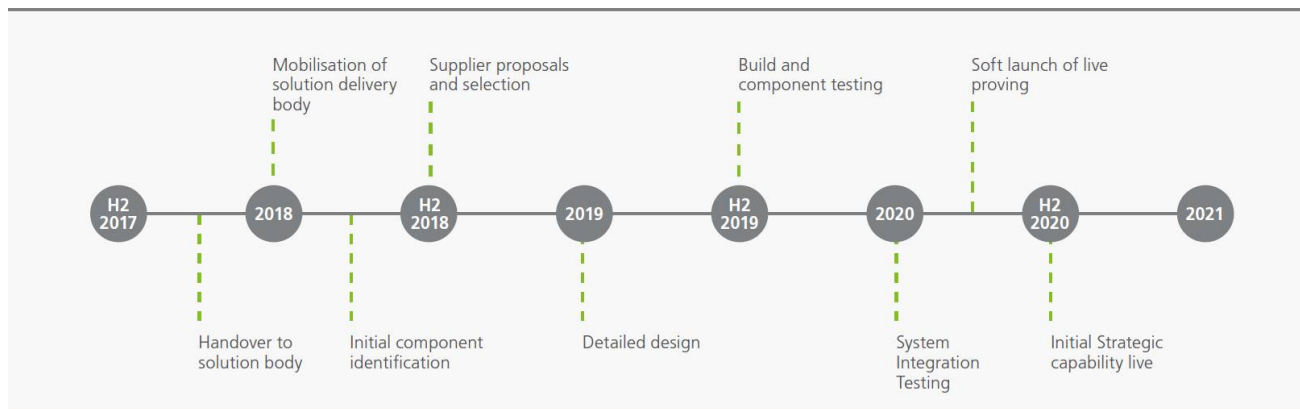
Creating an industry-wide capability to analyse end-to-end payment transaction data in order to detect and prevent current and future financial crime.

Solution Approach:

A strategic solution to provide the ability to:

- acquire payments transactions and other contextual data from a wide range of sources
- store several years' worth of this data in an accessible form
- deliver advanced data analytics on the payments transactions and other data that is acquired

Indicative Implementation Timeline:



Trusted KYC Data Sharing

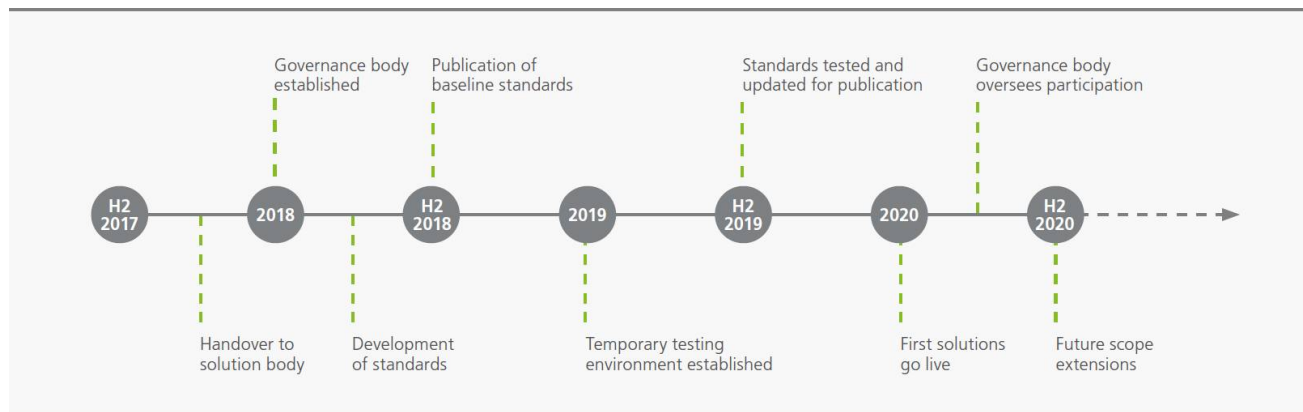
Solution Objective:

Establish a data sharing framework to provide a method of sharing a core set of SME customer data between organisations.

Solution Approach:

- A set of 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 to monitor adherence to standards and rules, including responsibility to mitigate the risks of abuse, fraud, privacy and security issues.
- A temporary testing environment aimed at encouraging the development of a market for value-added KYC services.

Indicative Implementation Timeline:



Questions

**Thank you for your
participation**