

Speech delivered by Paul Horlock, CEO NPSO
at
Forum Handover Event, County Hall London
11 December 2017

- I am very pleased to be here as the leader of the New Payments System Operator.
- Thank you, Hannah, Gwyneth and David for your helpful words earlier. You've set the industry a serious challenge and I'm thrilled to have the opportunity to be at the centre of the response and feel privileged to work with my peers to transform UK retail payments.
- Thanks too to Ruth who I have worked alongside during her Chairmanship of the Forum and who has shown fantastic leadership.
- The Forum has presided over a step change in terms of both the pace of work and its sense of collaboration.
- Payments is a 'Network Business', it only works with people at either end of the transaction. Finding effective ways to work together is critical and as a tribute, I will say that it is no exaggeration to reflect on the great achievements Ruth and the Forum have facilitated in the last couple of years.
- In parallel, following the CMA report, the Open Banking Implementation Entity has worked to develop its own standards and directory to enable the opening up of data that will drive new payment initiation services.
- And I have been fortunate to be involved with that work too. It has a crucial alignment to the work of the forum in achieving the longer term aspirations for the new architecture and eco-system.
- The Forum's work has led directly to the formation of the body that I lead and the key enabler of its future success – the New Payment Architecture. This will, we hope improve access and innovation and create new business opportunities for everyone in the UK.

- This is a responsibility I take seriously. And that is why as we accept the Forum's report we will ensure that the steps we take ensure we retain the system integrity security and reliability that we have today.
- We will engage widely and transparently to continue the work that the Forum has started. We will take an approach that protects service and consumer outcomes and if that means that we have to move more cautiously then that will be appropriate to the circumstances.
- We will do this in the right way and that starts with a full assessment of the Forum's report so we can consider objectively what work is needed to establish user, standards and technical requirements to enable the NPA.
- We will oversee every payment to the highest levels of stability and security. This is the number one priority for The Bank of England.

By starting on solid foundations, NPSO will be able to scale its operations, enabling simpler access to core architecture while facilitating innovation of new ways for participants to plug in to the layered platforms.

- By enabling access in this way, we will stimulate a step change in competition across the payments industry. This is the number one priority for the PSR.
- Solid foundations, clear standards and rules and an energetic ecosystem of innovation will drive performance improvements and efficiency, while ensuring better stability and more robust security as end users search and select the best payment options and the most effective ways drive their lives and businesses.
.....and more competition can enable the stimulation of significant growth across the UK economy.
- Critically it will run on common messaging standards (and I can't resist getting my geek on and referring to ISO20022, a standard we have committed to now as a key strand of our strategy)
- And this therefore enable the joining – up of new data-driven technically efficient and flexible services which have the potential to

change how we manage our finances and integrate money management into our lives forever.

- So, what does this really mean and what can we expect to see in the future.
- It is no accident that payment systems in the UK today are amongst the most advanced in the world, recognised for their resilience and reliability, and the value they provide to all our End-Users.
- And it's no accident that they have, in the past, changed organically and collectively. People are traditionally conservative and when it comes to finance don't change very often.
- We can see this with current account switching. What's clear from the reports CASS have done on consumer decision-making, is that people will change when they can see the value in doing so.
- But if you think how mobile technology has revolutionised not just how we all communicate but how we organise our lives. The decisions that people make in a blink of an eye or a touch of a finger to get the services they want. And the same vision can be applied to payments and how we arrange to pay for things.
- The services we all choose to access on our smartphone allow us all to create our own individual experience. The tech we have in our hands enables us to select completely bespoke services that meet our own individual needs. So, my smartphone services will not be exactly the same as yours – or anyone else's.
- And this is the principle that underpins the vision of the payments world we are creating. A future where you can choose completely personalised payment services, tuned to your own needs and life requirements. And a market with clear opportunities for new and existing business to develop new business models and value propositions.
- And have total confidence in their safety and security because of the safe and secure clearing and settlement layer - the NPA - as its foundation.

- When we describe the NPA we tend to talk of it in terms of layers. However, after plugging into the NPA clearing and settlement layer we believe it will act more like a self-supporting ecosystem of collaborating and competitive service providers.
- And it will be underpinned by a safe, secure and robustly efficient clearing and settlement layer running on standard messaging and rules to enable interoperability.
- And this ecosystem will cause a step change – a revolution if you will - on how we engage, pay, do business, throughout all of our lives.
- NPSO won't succeed unless we engage with and use the widest range of talent – both from people who have already been involved in the development of the NPA up to this point and other who have not.
- From inside the cadre of 'usual suspects' (you know who you are) and also from the emerging paytech, fintech, regtech and other industries and entrepreneurs who can bring new and innovative thinking to our challenge.
- We need everyone to be involved – those who already are; those who want to be but feel they have not had the opportunity, and those who do not realise they should be involved.
- This is how we can develop our vision; I met and worked with a wide range of innovative people when I set up the Open Banking Implementation Entity and I am completely committed to ensuring your ideas are part to the journey as we move forward.
- My job leading the NPSO is an exciting one: to set up a company which is equipped to deliver a future of UK payments so that we can help to enable a vibrant UK economy and a successful global trading position.
- A payments facility that supports economic growth in the UK and leads the world. I'm really looking forward to getting stuck in to the work with you all to make our vision a reality.