

The Payments Strategy Forum – Being responsive to user needs Draft strategy for consultation

Respondents basic details

Consultation title:	Payments Strategy Forum: Draft Strategy
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Publication of Responses

In responding to this consultation, you are sharing your response with the members of the Payments Strategy Forum (Forum), evaluators appointed by the Forum and the Payment Systems Regulator Limited, ('the PSR' - which provides secretariat services to the Forum). The PSR accepts no liability or responsibility for the actions of the Forum members or evaluators in respect of the information supplied.

Unless you tell us otherwise the Forum will assume that you are happy for your response to be published and/or referred to in our Final Strategy Document. If you do not want parts of it to be published or referred to in this way you need to separate out those parts and mark them clearly 'Not for publication'.

Please check/tick this box if you do not want all or parts of your response to be published:

Declaration

"I confirm that our response supplied with this cover sheet is a formal consultation response that the Forum can publish, unless it is clearly marked 'Not for publication'.

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Response template

This response template is intended to help stakeholders in responding to the questions set out in our Draft strategy for consultation and in its Supporting Papers.

If you do not want parts of or all of your response to be published you need to state clearly ('Not for Publication') over specific information included in your response, please be sure to clearly mark this by yellow highlighting it. We will assume that all other information is suitable for publication.

Responses should be emailed to us at Forum@psr.org.uk in Word and PDF formats by no later than **14 September 2016**. Any questions about our consultation can also be sent to Forum@psr.org.uk.

Thank you in advance for your feedback.

QUESTIONS IN RELATION TO SECTION | RESPONDING TO CONSUMER AND BUSINESS NEEDS

Question 1: Do you agree we have properly captured and articulated the needs of End Users? If not, what needs are missing?

FPSSL agrees that the needs identified, at a high level do represent the major concerns of those End-Users that have been consulted. The solutions identified are largely based upon ideas from the Forum members and limited corroborative evidence is provided from the End Users perspective. The Forum must be confident that as solutions are developed and refined End Users' needs are even more broadly considered, including individual and financial needs, as these vary from person to person and business to business, and, as the Strategy rightly identifies, the definition of vulnerable customers should be considered when responding to End-Users' needs.

FPSSL takes the view that new solutions should be looked at primarily through the needs of End Users, with a user design philosophy at the heart of all development, with engagement with a wide range of End Users to help build propositions based on well-founded research.

Question 2a: Do stakeholders agree with the financial capability principles?

FPSSL agrees with the proposed draft financial capability principles for the collaborative development of payment services. As with our response to Question 1, we support a user-led design approach, where the needs of End Users are the starting point for any development, rather than taking a central system or Payment System Provider (PSPs) focussed approach.

Question 2b: How should these principles be implemented?

FPSSL agrees that these principles should be adopted by PSPs and PSOs.

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Response template

Question 2c: How their implementation should be overseen and how should the industry be held to account?

FPSL is already subject to PSR General Direction 4 which requires us to fully consider the needs of service users in our decision making. The requirement to adopt these principles could easily be incorporated into the PSR's guidance on GD4 compliance and monitored by the PSR as part of FPSL's annual compliance process.

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Question 3a: What benefits would you expect to accrue from these solutions (not necessarily just financial)?

FPSL is very encouraged to see the need for a Request to Pay solution recognised in the draft strategy, as we have been actively investigating this opportunity since the start of the year. In the last few years, we have actively engaged with a range of service users. The ongoing work in this space demonstrates a clear need which extends far beyond the financially vulnerable use case, with B2B and payments to charities also identified as important, especially for those billers that do not have access to services such as Direct Debit origination. When this is equated to the sending of paper bills, billers also see clear advantages, in terms of efficiency and reconciliation, as well as enabling them to help vulnerable clients. With regard to a business case, FPSL has appointed Accenture to help develop a Cost Benefit Analysis and will be sharing its findings with the PSF. Please refer to our response to question 19c.

In our view the core elements of a Request to Pay service should be developed now as a new overlay service and do not need to wait for the introduction of a Simplified Payments Platform. In our findings to date, we see no technical barrier to a Request to Pay service operating agnostically of the underlying payment instrument/system so this could be retained as an overlay that continues to run on top of the SPP when it is introduced.

Please refer to Mobile Payments Service Company Limited (MPSCo's)¹ response to the Account Name Verification service being proposed by Paym and the benefits the service will accrue.

Question 3b: Do you agree with the risks we outline? How should we address these risks? Are there further risks we should consider?

FPSL agrees that further consideration must be given to data protection and data privacy requirements to protect consumers. MPSCo intends to provide a separate response suggesting developing a generic Account Name Verification service based on functionality that already exists in Paym to provide this particular component of the “Consumers want greater assurance”.

The risks identified in 5.11 and 5.12 are real. Whichever PSO is tasked to develop and implement this solution will have to carefully balance minimising constraints on how PSPs deploy the service to ensure maximum competitive freedom with recognising that some minimum common usage and terminology requirements will be needed if the service is to be effectively promoted to and taken up by end users. There are practical lessons that can be drawn from both the original FPS deployment and more recent Paym launch.

Given that the definition of the Assurance Data solution is quite limited it is hard to be specific about risks. However, from our assessment of how this might be delivered we do believe that there are a number of risks and trade-offs that will need to be considered. These range from unexpected exposure of personal information to unknown parties in one direction to excessive false negatives preventing ‘true’ payments being delivered in the other.

Question 3c: Is there a business case for investing in solutions to address these needs and if not, how such an investment can be justified?

¹ Since December 2014, Paym has been run by the Mobile Payments Service Company Limited (MPSCo), a company limited by guarantee. The participants in MPSCo are made up of the Payment Service Providers that offer the Paym service directly to their customers.

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Response template

Please refer to MPSCo's detailed response.

Question 3d: Are there any alternative solutions to meet the identified needs?

Please refer to MPSCo's detailed response.

Question 3e: Is there anything else that the Forum should address that has not been considered?

Please refer to MPSCo's detailed response.

Question 4a: Is there a business case for investing in transitional solutions while the new payments architecture is being delivered and if not, can such an investment be justified?

FPSL is of the view that there is a strong case for investing in transitional solutions to bring early benefits to service users, as existing mechanisms can (and do) support overlay services. Paym, Pingit and Zapp are just three examples of overlay services introduced on top of FPS, which required no/relatively minor changes in the central FPS payment system (albeit individual PSPs may have had a greater amount of work to do to support them). Paym also operates over the LINK network, demonstrating a degree of agnosticism as to the underlying payments infrastructure. Any new SPP model would be able to easily support these existing services. Please refer to MPSCo's detailed response for investing in Account Name Verification.

Transitional solutions, particularly in the overlay space will not necessarily be interim, built properly, they could continue to be part of the new payments architecture when the SPP is delivered. They will not represent sunk investments and will help de-risk SPP deployment from an end-user benefits perspective.

Question 4b: Are there any viable technical solutions to deliver some of the consumer benefits early without compromising the longer term solutions recommended by the Forum?

FPSL is of the view that the layered model being proposed by the strategy means that the Request to/Pay/payment service can be built now as an overlay service and will continue to operate effectively and without change when the new core 24 x 7 real time element of the Single Payments Platform (SPP) is delivered. This important and innovative end user development does not have to be delayed. In addition to the points made above, the PSF should evaluate each of the technical solutions on a case by case basis, for instance comparing the cost of an early solution versus how long the consumer will be denied the service otherwise. Another possible early solution consistent with the new architecture is the Account Name Verification service from Paym with a hybrid design that provides an upgrade path to the SPP. Please refer to MPSCo's detailed response to this question.

QUESTIONS IN RELATION TO SECTION 6 | IMPROVING TRUST IN PAYMENTS

Question 5a: Do you agree with our proposal regarding customer awareness and education? If not, please provide evidence to support your response.

FPSL supports the proposals around education, but we would go a step further and recommend that where there are known vulnerabilities for example customers setting up new payment instructions, then their PSP should provide prompts reminding the customer to double check the account details with the beneficiary before sending a payment.

Question 5b: Do you agree the delivery of these activities should be through an industry trade body? If so, which one would be most appropriate to take the lead role?

The new Financial Services Trade Association trade body as recommend by Ed Richards in November 2015 would appear best placed to deliver a consistent message through to the PSP community that it will represent in the future. The new FSTA body will integrate the remits, skills, capabilities and expertise of four existing trade bodies into one and could take the lead role, however it will be important that FSTAR includes a broad range of PSPs, including non-bank as well as bank. Alternatively, if the activities are deemed a “conduct” issue, then the FCA will have a role to play in enforcing a stronger educational perspective.

Question 6: Do you agree with the establishment of guidelines for identity verification, authentication and risk assessment? If not, please provide evidence to support your response.

FPSL does not have a view on this matter as it sits squarely within the PSP space.

Question 7a: Do you agree with our solution to develop a central data repository for shared data and a data analytics capability? If not, please provide evidence to support your response?

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Response template

FPSL is supportive of this proposal as we believe there are a number of use cases where data analytics capabilities would provide benefit to service users. However we would propose the separation of the analytic capabilities from the shared central data repository. This is because any direct link may not provide the market with competitive offerings and innovative uses of the data. Consideration also must be given to legislation in the data Sharing/data Protection space, to ensure that any use of data is not detrimental to End Users, and confidence in the integrity of payment systems.

Question 7b: Do you agree with the potential risks we outline? How should we address these risks? Are there further risks we should consider?

Consumers are very sensitive to the mis-use of their data, so proposals must consider any potential impacts on them before being agreed to. FPSL continues to be of the view that the use of transaction data in this way, while potentially very valuable to the economy in general, needs to be formally underpinned by statute that recognises the trade-offs between the common good and individual rights of privacy. The approach taken needs to have been agreed and endorsed by parliament.

Question 7c: If any legislative change is required to deliver this solution, would such change be proportionate to the expected benefits?

We share the data privacy and data protection concerns and believe this is a piece of early analysis that needs to be conducted. Any changes in legislation should be championed through Parliament.

The new EU GDPR recognises the distinction between truly anonymised data which is out of scope of the Regulation, and 'pseudonymised' personal data which is data that is hidden but which has the potential to reveal identities and is thus still caught by the Regulation. For Management Information purposes truly anonymised data should suffice but for purposes of determining trends in financial crime, pseudonymised data is probably required and thus caught by the Regulation.

Question 8a: Do you agree with our solution for financial crime intelligence sharing? If not, please provide evidence to support your response?

FPSL does not have a view on this proposal.

Question 8b: In what way does this solution improve financial inclusion? More generally, how should the intelligence sharing be used for the "public good"?

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Response template

FPSL does not have a view on this proposal

Question 8c: Do you agree with the potential risks we outline? How should we address these risks? Are there further risks we should consider?

FPSL does not have a view on this proposal

Question 8d: Do the benefits of financial crime intelligence sharing outweigh the new potential risks created?

Question 8e: Can this operate without changes to legislation? If not, what changes to legislation would be required to make this happen? If any legislative change is required, would such change be proportionate to the expected benefits?

FPSL does not have a view on this proposal.

Question 8f: What governance structure should be created to ensure secure and proper intelligence sharing?

FPSL does not have a view on this proposal

Question 9: Do you agree with the proposal to develop a Central KYC Utility? If not, please provide evidence to support your response?

FPSL does not have a view on this matter as it sits squarely within the PSP space.

Question 10: Do you agree with our solution for enhancing the quality of sanctions data? If not, please provide evidence to support your response?

FPSL does not have a view on this matter as it sits squarely within the PSP space.

QUESTIONS IN RELATION TO SECTION 7 | SIMPLIFYING ACCESS TO PROMOTE COMPETITION

Question 11: Do you agree with our proposal regarding access to sort codes? If not, please provide evidence to support your response.

FPSL supports this proposal. FPSL worked closely with Bacs to define the new process to access sort-codes; a requirement driven by the strong, and growing, demand for direct participation in FPS. We believe the new approach provides PSPs with sort codes on a fair and equitable basis.

Question 12: Do you agree with our proposal regarding access to settlement accounts? If not, please provide evidence to support your response.

FPSL is very supportive of the proposal and this is an area where FPSL has been engaged with the Bank of England since 2015. FPSL researched alternative ways to use settlement accounts for non-bank PSPs and led discussions on a proposed legal framework for settlement with EMIs and PIs, the Flawed Asset Default Arrangement that we believe would retain financial stability whilst supporting a broader set of settling participation. We were pleased to note the BoE's announcement in June 2016 to extend direct access to non-bank PSPs. We will continue to work with the BoE to support their ongoing activity in this area and with the proposed solution.

Question 13a: Do you agree with the proposal regarding aggregator access models? If not, please provide evidence to support your response?

FPSL has championed the technical aggregator access model since 2014, when we issued a White Paper.. FPSL has been actively developing its New Access Model to meet the needs of PSPs that require direct technical access to the real-time, 24*7 service that their customers are increasingly expecting to be available. The New Access Model has encouraged a market-led, competitive supply of services, such as FinTechs offering technical aggregation services. Our New Access Model now has a strong pipeline of PSPs and FinTech aggregators that will result in a substantial increase in the number of direct participants in Faster Payments. We continue to work with a range of providers that will help deliver greater innovation and competition into this exciting market; introducing them to other PSOs so that their solutions can extend into other payments-related activities and other payment services and schemes.

Question 13b: How can the development of more commercial and competitive access solutions like aggregators be encouraged to drive down costs and complexity for PSPs?

Having catalysed the development of technical aggregation services for FPS, we are now confident that market forces will continue to propel this initiative in FPS and beyond. For FPS, 6 aggregators have now achieved technical accreditation and are actively selling services to PSPs. FPSL expects the new access model to introduce at least ten new direct participants to FPS over the next 18 months. In our view this now has very significant momentum and will extent to other schemes without further prompting. Clearly other schemes will have to remain close to these aggregators to ensure that any unexpected barriers to aggregation can be quickly addressed. The introduction of a competitively provided connectivity layer between central systems, PSPs and technical aggregators will also drive down cost and complexity of access for PSPs

Question 14: Do you agree with our proposal regarding Common Payment System Operator participation models and rules? If not, please provide evidence to support your

response.

FPSL agrees with the proposed solution and we are fully engaged with the Interbank Scheme Operators Coordination Committee (ISOCC) including LINK which formally commenced this work in April 2016. ISOCC appointed a Project Manager to drive this initiative forward and with the Project Initiation Document² completed and agreed with all Schemes. The common PSO participation model will cover the following five additional areas not mentioned in the strategy: common payment products by PSO, engagement with direct participants prospective entrants and providers, rules and procedures and participant agreements, technical accreditation process and assurance process and finally, access to information and documentation. The first stakeholder meeting with PSPs was recently held which prioritised the ten areas of collaboration. FPSL will contribute to successfully deliver this initiative.

Question 15a: Do you agree this proposal regarding establishing a single entity? If not, please provide evidence to support your response.

FPSL is supportive of PSF's proposal to consolidate three of the interbank PSOs into a single entity to meet the PSF's objectives: versatile and responsive to user needs, secure and resilient and efficient. We are supporting the Simplifying Access to Markets Working Group on Governance in their current work to validate the case for change, and are engaged with the Bank of England and PSR in their initial work to create a 'plan for a plan'. In our view, if disruption and financial stability risk are to be minimised, while the transition itself may have to be executed over an extended period, the planned approach, and impact on PSO staffs needs to be clarified urgently. The single entity/consolidated PSO could also be a good home for the management and oversight of a competitive connectivity layer, some industry standards management, and, building on PSO's historical experience, relevant industry-wide change and programme management.

Question 15b: If you do not agree, how else could the benefits be achieved without consolidating PSO governance in the way described?

FPSL is supportive of a well-planned consolidation of PSOs.

Question 16: Do you agree with the proposal to move the UK to a modern payments message standard? If not, please provide evidence to support your response.

² The objective of this project is to enable easier access for participants joining multiple schemes by: Providing a more transparent and accessible framework of rules, requirements and procedures which clearly define participants' rights and obligations; Increasing ease and efficiency of on-boarding; Providing a cost-effective payments solution; Eliminating non-essential scheme differences.

FPSL supports the principle that the UK should use the formats and protocols that best deliver the payments services to End Users and PSPs. We would however caution that this may require new variants to ISO 20022 in order to deliver the end to end service user experience enjoyed today. ISO 20022 already supports a number of national variants, this is something that the PSP community is familiar with, and we understand that the SEPA SCT Inst messaging will be a further variant on existing SEPA ISO 20022 implementations to support a real time synchronous payment like FPS's SIP. We also believe that the introduction of FinTech aggregators will help mitigate some of the cost and complexity of migration, as they are able to offer translation services to their PSP customers. Whilst ISO20022 is a de jure standard from the International Organization for Standardization it is not an Open Standard as understood by the ICT industry. Access to standardising ISO20022 is defined by the ISO process which has to be via National Standards Bodies affiliated to ISO and is thus not truly open as in the meaning of Open Standards. ISO20022 is also not freely available.

Question 17a: Do you agree with the proposal to develop indirect access liability guidance? If not, please provide evidence to support your response?

FPSL is supportive of this proposal. We believe that, the development of an enhanced guidance document for the benefit of both the End User and supplier of such services will certainly clarify the risks and liabilities for both parties. We welcome the need for collaboration between the industry and regulators but again would suggest caution is applied.

Question 17b: What, in your view, would prevent this guidance being produced or having the desired impact?

FPSL does foresee challenges in that the regulatory environment is not restricted to just the UK/EU, but to all regulators globally and any guidance is likely to need to be heavily caveated to recognise that activity in other jurisdictions may have a material impact on the provision of services in the UK.

Question 17c: In your view, which entity or entities should lead on this?

This is perhaps an area that the PSR could usefully coordinate given the number of regulatory authorities that have a role to play, e.g. The FCA and BoE.

QUESTIONS IN RELATION TO SECTION 8 | A NEW ARCHITECTURE FOR PAYMENTS

Question 18a: Do you agree with the proposal for a co-ordinated approach to developing the various types of APIs? If not, please provide evidence to support your response?

FPSL agrees that APIs need to be developed in a coordinated way across the industry. We do not fully understand how specifically it is proposed to deploy and use APIs (end user and open access) in the new architecture. If these APIs need to be tightly integrated with those required to support PSD2 and the OBI/CMA Remedies, then this might well be best done in a single place. However, given our current questions about the maturity of a distributed bilateral exchange model for payments, it may well be that a number of APIs will be simply PSP to central infrastructures rather than PSP to PSP. If this is the case, it may be simpler to develop and agree these APIs via the consolidated PSO but with a coordination process to the CMA OBI governance arrangements.

Question 18b: What are the benefits of taking a co-ordinated approach to developing the various types of APIs? What might be the disadvantages of taking this approach?

A co-ordinated approach should deliver a better end to end API and message architecture, the risk is that the process of development takes much longer and that a lowest common denominator approach dominates limiting the individual effectiveness of each type of API.

Question 18c: How should the implementation approach be structured to optimise the outcomes?

FPSL believes a consortia approach like Internet Engineering Task Force or World Wide Web Consortium that is agile in producing and maintaining standards, i.e. APIs, but disciplined enough in its approach and procedures that individual participants cannot inhibit progress to the 'pace of the slowest'.

Question 19a: Do you agree with our proposal to create a Simplified Delivery Mechanism? If not, please provide evidence to support your response?

The Simplified Delivery Mechanism is explained in [8.21] as “simply sending a payment instruction from A to B in real-time, reliably and efficiently (the overlay service determines when a payment is sent)”. And [8.28] below expands to say “the exchanges between the payer and the beneficiary do not technically need to be part of the actual payment. These exchanges and supporting data can be delivered through Overlay Services”. This would appear to define the Simplified Delivery Mechanism as being based upon the simplest real-time push credit with all other extraneous information passed via the Overlay Service. However there needs to be recognition that delivering end to end assurance on things such as fate of payment requires extending the technical interchange as far as the payer and payee – i.e. to apply funds in real-time. The current description of the SDM does not cover settlement. This is an important gap that needs closing if this model is to be credible.

Question 19b: Should the new consolidated entity be responsible for leading the development of the new rules/scheme or should a new body be given this responsibility?

The Payments Strategy Forum – Being responsive to user needs

Draft strategy for consultation

Response template

The rules for the use and operation of the SDM need to be developed and managed by the entity responsible for its operation. Assuming the SDM is to be operated by the new consolidated entity, then rules should be developed and maintained by this entity. This is consistent with the Principles for Financial Markets Infrastructures from CPMI IOSCO

Question 19c: Could an existing scheme adapt to provide the Simplified Delivery Mechanism or should a new one be developed?

It would seem most sensible, given the logic of existing scheme consolidation, to apply the same approach to the SDM and place it within the consolidated PSO rather than start to expand the number of schemes again.

Question 19d: Would it be better for the processing and clearing functions of the simplified framework to be built on distributed architecture or a centralised infrastructure? Could there be a transition from a centralised structure to a distributed structure over time?

[Extract appropriate elements of the covering letter to go in here]

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Question 19e: Do you think it is feasible to begin work to design a new payments infrastructure given existing demands on resources and funding?

This depends on the other regulatory demand places on the main industry players and their relative priorities. It may require the consolidation of PSOs to enable the combined requirements for a SPP model to be brought together in one place. Without this, it is hard to see how competing PSOs can procure successfully for a new platform. In some respects we have no choice. The current contract for the provision of the Faster Payments Service expires in 2020. FPSL is already in the early stages of planning for its replacement. Assuming clarity is reached on what the SDM/SPP needs to deliver, then the work of FPSL, and this work become the same activity in the consolidated PSO. If the technical solution for the SDM is built upon a fully distributed model, then even greater consideration of PSPs capacity for change over the next few years will be needed. An evolution, based upon a more centralised solution may reduce the impact of this constraint, as more innovation may be possible without such direct impact on individual PSPs, but the 'devil is in the detail'.

Question 20a: Do you agree that the existing arrangement of the payments system in the UK needs to change to support more competition and agility?

FPSL agrees that the existing arrangements may have contributed to the lack of agility, but it should also be recognised that the UK has one of the most diverse range of payment services, including overlay services, in the world. Much of the world is still looking to emulate the real-time capabilities that UK service users have had access to since 2008. However, we cannot see how the proposed distributed technical architecture materially simplifies or enhances the delivery of innovation in retail payments. We contend that slow deployment of innovation for the public or common good is a result of a classical economic coordination problem.

In our practical experience with the development and enhancement of the Faster Payments Service as well as what we can see as a supplier of expertise to MPSCo, the operator of Paym, change and innovation proceed more quickly when that change is concentrated in central infrastructure, and is much slower to deploy when it needs to be implemented in participant PSP technology estates. In both companies, we are always encouraged by participants, both big and small, to concentrate innovation and change in the centre so as to avoid calling on their own constrained technology and operational change resources. Where such change in PSP systems is unavoidable, the case for change needs to be very strong.

Recent innovations in the Paym service have been most quickly adopted when they have had minimal impact on participant PSPs systems and operations. For example the recent deployment of SMS notification to unregistered end users which has been built upon the Paym central infrastructure alone.

In the Faster Payments Service, innovation over the last few years has likewise been concentrated in changes to the central infrastructure that have minimal impact on participants, for example: introducing the central monitoring of payment flows with Automated Scheme Protection Measures and system timer changes to reduce participant dependencies. Changes that have required significant change or testing in participants, such as increasing the scheme transaction limit (a parameter change in the centre), and the introduction of redirection for the CASS service have required much more extended deployment time lines to accommodate the necessary inter participant testing to ensure continued safe operation.

The services that are the subject matter of the PSF’s draft strategy are, perforce, those which need to be delivered in a cooperative/collaborative way. If they can be delivered in the competitive space by individual PSPs, then market forces will deliver them. These competitive solutions must be driven by business cases that support individual action by each PSP that chooses to compete. In the collaborative space of the strategy, there can be no individual action PSP business cases, there can only be collective action PSP business cases. For collective action to proceed, a critical mass of PSPs, need to all agree to coordinated and cooperative action, often the coordinating role of a PSO. Unless the individual PSP benefits of taking this action are very significant, this is difficult to achieve. We cannot see how the technical architecture described as the SPP addresses this coordination problem, and therefore how it will significantly accelerate innovation, especially given the points we make about practical management of change

Question 20b: Will the package of proposals we suggest, the Simplified Payments Platform, deliver the benefits we have outlined? What alternatives could there be?

Not for a considerable period of time. Work on articulating and designing the Simplified Payments Platform needs to proceed in parallel with enhancements continuing to the existing systems that deliver benefits to service users and the economy. A migration plan/interception plan then needs to be devised once the target destination is known. If the SPP is a single, monolithic, albeit distributed platform, then the challenge will be switching any discrete payment services from the old model to the new model if this isn’t to be a big bang for all of the PSPs affected and thus the cut over dictated by the speed of the slowest.

If the SPP is more of an architecture and map for change that can be evolved to over a number of years, then this may be much less of a problem.

We would also propose that some of the proposals in Section 5 could be taken forward as Overlay solutions, which should be able to interoperate with existing and future clearing and settlement mechanisms; thereby delivering benefits to end users sooner than would otherwise be possible, if SPP is deemed a prerequisite.

QUESTIONS IN RELATION TO SECTION 9 | OUR STRATEGY IN SEQUENCE

Question 21a: Do you agree with this proposed sequence of solutions and approach outlined to further clarify this?

In our cover letter we propose a ‘straw-man’ plan and sequence to maximise the size and timeliness of benefits to service users and the economy

Question 21b: If not, what approach would you take to sequencing to bring forward the anticipated benefits, in particular for end users?

See above.

QUESTIONS IN RELATION TO SECTION 10 | IMPLEMENTATION APPROACH

Question 22a: What approach should be taken to deliver the implementation of the Forum's Strategy?

Please see our cover letter.

Question 22b: Who should oversee the implementation of the Forum's Strategy?

We propose that different elements will need to be delivered, coordinated and overseen by different entities, and that overall, the PSR will, as it has proposed, need to oversee overall implementation.

Question 22c: What economic model(s) would ensure delivery of the Strategy recommendations?

As we state in our cover letter, in our view, not all elements of the strategy can be delivered through market models, and in some areas, regulatory direction may be required where the individual actor business cases are weaker than the overall UK economy business case.

QUESTIONS IN RELATION TO SECTION 11 | COST BENEFIT ANALYSIS APPROACH

Question 23a: Do you agree with the proposed approach for quantifying the potential costs and benefits of the proposed solutions?

FPSSL agrees that CBA is a sound methodology, but would caution that some of the solutions are at a very early stage of iteration, making cost calculation an imprecise art – with variances of +/- 100% or more likely. However "orders of magnitude" evaluation would support the prioritisation of initiatives.

Question 23b: Do you agree with the costs and benefits drivers outlined in this document?

FPSSL is broadly supportive

Question 23c: We would appreciate any information on the potential costs and benefits you may have to assist our analysis.

FPSSL is conducting a CBA for a Request to Pay solution, and has committed to sharing the findings with the PSR/PSF to support the wider analysis.