



## RTGS Renewal Programme – External Advisory Body

Wednesday 5 October 2017

The second External Advisory Body (EAB) was held on 5 October 2017. A summary of the meeting is provided below.

Attendees: **BONYM**  
**CHAPSCo**  
**EUI**  
**Independent Challenge**  
**Lloyds**  
**Metro Bank**  
**Paysafe**  
**PSR**  
**Worldpay**  
**Bank of England:**

Apologies: **Barclays**  
**Citi**  
**PSR**

### Item 1: Welcome and introductions

1. The Chair welcomed members to the second EAB meeting. He noted the record of the previous meeting had been agreed and published on the Bank's website.

### Item 2: RTGS Renewal programme update

2. A programme update was provided, focusing on key areas of progress since the publication of the Blueprint. The programme team was fully mobilised and focused on defining in more detail the capabilities outlined in the Blueprint, and how they would be delivered. This included an initial assessment of technology architecture requirements and solutions.
3. While the Bank had not yet initiated a tender, engagement with a broad range of potential technology suppliers had started using the OJEU<sup>1</sup> procurement service. The engagement provided an opportunity for the Bank to explore different high-level options at an early stage and receive input and challenge to the initial assessment of technology design. Although the Bank had been clear that it would continue to act as RTGS operator given that RTGS embodied most of the Bank's balance sheet, it was keen to encourage strong competition in all aspects of the build of the new service, and early engagement with the supplier market community would help facilitate this. Through these meetings, the Bank would encourage potential suppliers to share their insights and ideas on how the Bank might approach technology design.
4. Based on their own experience, EAB members strongly supported the approach to listen to potential suppliers' ideas for solutions at an early stage in the design process. Members suggested that as part of the supplier assessment process, the Bank should also visit previous sites that suppliers had worked on and speak to the operational teams involved.
5. The Bank reported that it had been in close contact with other major RTGS operating central banks to share approaches and lessons learned. EAB members encouraged the Bank to continue those discussions, given the strong desire to see the maximum possible interoperability

---

<sup>1</sup> The Bank operates within the EU Procurement Regulations and has issued a "Prior Information Notice" (PIN) via the Official Journal of the European Union (OJEU). OJEU is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published.



across as well as within borders, and suggested the Bank team explore lessons learned from a number of other recent real-time implementations, including the Scandinavian model for instant payments. **Action:** Programme team will continue to explore learnings from other implementations.

### Item 3: Approach to industry wide engagement

6. An update was provided on the initial set of working groups being established by the Bank:
  - I. **Transition working group** – this group would be chaired by the Bank, would input into the Bank’s strategy for phasing the delivery of the new RTGS service, and would consider the prioritisation of functionality and impact on members.
  - II. **ISO 20022 Interoperability working group** – this group would have an external chair and would provide industry experience and technical advice regarding interoperability of the new standards.
  - III. **ISO 20022 Data working group** – this group would provide ideas and recommendations regarding enhancements to current payments data in alignment with the new ISO 20022 messaging standard. The group would be split with some members focused on compliance data (expected to be chaired externally) and some members focused on macroeconomic and other potential extensions to data requirements (chaired by the Bank).
7. It was noted that the approach, in particular ISO 20022, was to take both a “bottom up and top down” view, allowing the Bank to gather both tactical and strategic input.
8. A broad range of firms had volunteered to participate in the working groups, but the Bank was keen to ensure wide representation from appropriate organisations. The Bank would share the current list of organisations participating in working groups with the EAB. **Action:** Members agreed to provide any further suggestions for representation.
9. Members agreed that engagement with other interested bodies would also be crucial, in particular with the UK’s New Payment System Operator (NPSO) for retail payments and SWIFT’s Payments Market Practice Group. The Chair agreed with the view that the Bank should seek a wide range of industry input – including from vendors. He had also asked the CEO of the NPSO to join the EAB. **Action:** Programme team to ensure effective linkages with other relevant work in this space.

### Item 4: Approach to transition

10. The programme’s draft approach to transitioning to the new RTGS service was set out, including a high level view of the anticipated transition stages. A questionnaire would be sent to EAB members in Q3 to gather current and future participant input regarding constraints and preferences for introducing components of the new service. Members were asked for views on these proposals.
11. Members agreed with the suggested approach to engagement – noting the benefits of seeking external input to the transition. Wherever possible, the questionnaire should force respondents to say where they stood on various trade-offs – for example when considering sequencing of the functionality – to drive out what was most important. This might be articulated in stylised models, to bring the options to life to support understanding of the trade-offs. Members also suggested that the Bank seek feedback on the overall transition model – for example would a short period of intense change be preferable to a ‘slower burn’ multi-year transition. The Chair welcomed these suggestions which would be further considered by the programme team.



12. Members stressed it would be important to understand the detail and timing of any potential releases to allow them to plan and budget. It was also noted that the approach would need to balance off these factors against the potential disruption risks to delivery of the live RTGS service.
13. The programme asked members if they had a view about which functionality would bring about early benefits. Members outlined that functionality such as track and trace, an API, and ISO20022 would be particularly beneficial. In addition, early visibility of the design for settlement / pre-funding models would be useful.
14. Members endorsed the overall approach, and suggested that when thinking had further evolved, roundtable discussions with CTOs across a range of payments firms could provide valuable input.
15. The programme noted the importance Members had attached to ensuring that the design of the RTGS renewal programme took full account of the wide range of other change also underway across the payments industry as a whole. The programme presented a preliminary map of these key change initiatives, and asked members for feedback. Members agreed that this was a useful and accurate assessment. To enhance it further, members suggested a) that for each industry change initiative the estimated volume of work for industry was overlaid on to the overall timelines and b) that other international change was also represented. **Action:** Programme team to discuss bilaterally with Members the wider international change that should be included.

#### **Item 5: Cost/benefit analysis of the renewal programme**

16. An overview of the framework for evaluating the cost/benefit case for the various parts of the RTGS renewal programme was presented. This included consideration of financial and non-financial costs and benefits for the Bank and the system as a whole, members (both current and future), and users (people making and receiving payments). Separate to the transition questionnaire, a survey would in due course be issued to current (and likely future) members, to input into the analysis of the costs and benefits of the new service.
17. The Chair stressed the importance of this work – and external input to it. Members noted the importance of clearly defining and standardising the data required so that respondents used the same methodology. This included providing clear data definitions, and using consistent accounting methods, for example absolute and incremental costs, and costing elements such as testing weekends. Members also noted the importance of ensuring costs driven by RTGS renewal were not conflated with costs driven by other ongoing change in the industry. Taken together, these steps would support the provision of more reliable quantitative data to use – reducing subjectivity.
18. Some members offered to share their recent business cases / economic analysis for information. The Chair agreed that this would be valuable to shape thinking. **Action:** Programme to follow up bilaterally with members.

#### **Item 6: AOB**

19. There was no further business.

#### **Log of actions agreed in the meeting**



EAB Action Ref	Date of EAB	Action agreed	Action Owner	Date due	Status	Update
1	5 Oct 17	Consider lessons learned from Scandinavian implementation of instant payments	Programme team	30 Nov	Open	
2	5 Oct 17	EAB members to consider whether additional representation is required on working groups	EAB members	20 Oct	Open	
3	5 Oct 17	Consider linkages with Swift's consultation on ISO 20022 and the Payments Market Practice Group.	Programme team	31 Oct	Open	
4	5 Oct 17	<p>Discuss bilaterally with Members the wider international change that should be represented on the Programme view of change.</p> <p>Programme to consider representation of volume of work for industry for each change initiative.</p>	Programme team	31-Oct	Open	
5	5 Oct 17	Programme to follow up bilaterally with members who offered to share their business cases, and also to seek input from development of the New Payments Architecture business case.	Programme team	3 Nov	Open	