



RTGS Renewal Programme – External Advisory Body

Wednesday 6 December 2017

Attendees: **Barclays**
BONYM
Citi
EUI
Independent Challenge
Lloyds
Metro Bank
NPSO
Paysafe
PSR
Worldpay
Bank of England:

Apologies: None

Welcome and introductions

Item 1: Review of last meetings actions and minutes

1. The Chair welcomed members to the third EAB meeting. Since the previous meeting, Paul Horlock (NPSO CEO) and Mike Jones (Bank of England, Head of RTGS and CHAPS) had agreed to become members of EAB. The Chair noted the record of the previous meeting had been agreed and published on the Bank's website.
2. An update was provided on actions. All actions were marked as complete, including the mapping of wider payments industry change. It was agreed that the Bank and members would maintain and monitor this mapping and this would be a standing agenda item. It would be an important input to the Bank's decision making as the plans for RTGS renewal became more developed. **ACTION: Secretariat to add view of change as a standing agenda item.**

Item 2: RTGS Renewal programme update

3. An update on programme progress was provided. The initial programme scope had been developed and emerging thinking would be shared with the wider payments industry at the briefing sessions planned in December. Work was being progressed across a number of other areas, including development of the Solution Blueprint and the overall approach to transition.
4. Detailed programme planning had continued to be a major area of focus. The Bank recognised the need for industry to have delivery timelines to support forward planning, and had therefore for the first time set out indicative date ranges for delivery of functionality (Annex 1). It would seek to narrow these ranges as delivery plans were developed in more detail, firms' preferences for transition were incorporated into the approach and key design choices were made.
5. While acknowledging the timeline was at this stage still at a high level, members felt it looked plausible, and agreed the date ranges would help firms to start planning, resourcing and budgeting discussions. Greater precision on dates would be required over time – in particular for the 'development and test' window shown in the plan, which was where firms would need to start mobilising resources at scale. Members noted the importance of providing that greater precision well in advance of the start of the window itself, given the lags involved in securing resources internally from investment budgets. Additionally, members noted the importance of



collaboration between the Bank and the NPSO as the NPSO's planning for the NPA programme to replace the UK's retail infrastructure stepped up, to allow changes to be appropriately sequenced.

6. In addition to the view provided, members noted it would be helpful to understand whether and when change freezes would be applied to the current RTGS system, and when that system was likely to be eventually stood down. **ACTION: Programme team to review timeline to include indicative date range for decommissioning of the current RTGS system.** The need for timely visibility of testing plans was also discussed. The Bank agreed that this was an important element, but a number of key design choices on the core settlement engine would need to be made before the testing approach and timelines could be developed.
7. The Bank advised that they expected there would be a period of dual running and that core to the approach would be delivering a safe transition.

Item 3: Technology supplier engagement update

8. Before commencing the discussion, the Chair noted that no specific details about suppliers would be provided. Members were asked to declare any potential conflicts of interest. There were no conflicts arising.
9. An update was given on engagement with technology suppliers for the RTGS programme. Engagement to date has been informative and constructive. Positive feedback had been received on the Bank's proposed approach to building a modular architecture. And the engagement had allowed the Bank to advance its thinking on whether the core ledger should be bought as a customised off the shelf package or built in collaboration with a technology supplier. There were a number of important aspects to this decision, including consideration of potential trade-offs between time, cost, flexibility and security. These were being assessed carefully and the Bank was engaging with other central banks and operators of other highly resilient infrastructures to inform thinking.
10. Members asked whether the Bank was confident it was talking to the right population of suppliers. It was clarified that while a formal procurement process had not yet been initiated, suppliers registered on the Bank's procurement portal had received a notification to express interest. In addition, further organisations had approached the Bank following reference to this engagement in the RTGS Renewal Round Up. Taken together, this had yielded a large group of interested parties. As a result, the Bank felt reasonably confident that the right population had been engaged at this stage in the process.
11. Members supported the Bank having such early engagement with suppliers. They stressed that establishing a strong commercial approach and relationship with suppliers would in due course be key to delivering to time, quality and budget. As part of that, the Bank should be thinking of breaking the procurement down into a number of separate lots, for which different approaches might be considered. The Bank agreed these points were important considerations, and were being factored into the development of its overall procurement strategy. Members' views on that strategy would be sought in more detail over time.



Item 4: RTGS renewal peer comparison

12. The programme team presented its assessment of how the current set of RTGS renewal scope choices compared with those of a range of peer central banks.
13. Members agreed that the analysis provided useful insight. Given the costs involved with replacing an RTGS system, and therefore the relative infrequency with which it was done, it made sense to position the new system at or around the leading edge on most dimensions. Being world leading should however not be thought of as an end in itself. Resilience should always be the primary consideration, as the Bank had stressed. And the market's needs would inevitably move on over time – underscoring the importance of ensuring that design and investment choices made during the programme should allow for future flexibility and enhancements.

Item 5: Transition questionnaire

14. The Bank noted that it would be circulating a transition questionnaire to members and some other stakeholders in January 2018. The objective was for the Bank to:
 - Understand preferences in relation to the sequence in which new functionality was delivered;
 - Understand constraints that might impact transition timelines.
15. The questionnaire and supporting documentation had been shared with members for feedback in advance of circulation. It was noted that the documents would also be discussed with the Transition Working Group.
16. Members felt that the questionnaire would achieve the desired outcome and was the right approach. They emphasised the need for the Bank to reach out to a wider group of stakeholders than the direct members, and to ensure that questionnaire responses were followed up with direct bi-lateral engagement. The Chair agreed, highlighting the Bank's ongoing engagement with firms and the role of the Transition Working Group.
17. Members noted that, whilst it was right for the Bank to be seeking input from RTGS users, and building flexibility into the new system, those users would also be looking for clarity from the Bank on key design choices. For example, material changes to operating hours of the new system would have a significant impact. If a decision were taken to change these, early notification would be required.
18. More detailed feedback on the questionnaire was provided from members. **Action: EAB members to provide any further detailed feedback by 22 December. Action: Programme to discuss questionnaire bilaterally with NPSO.**

Item 6: AOB

19. The programme gave an update on the working groups and provided a forward look of planned engagement, including the December industry briefing sessions.



Log of actions agreed in the meeting

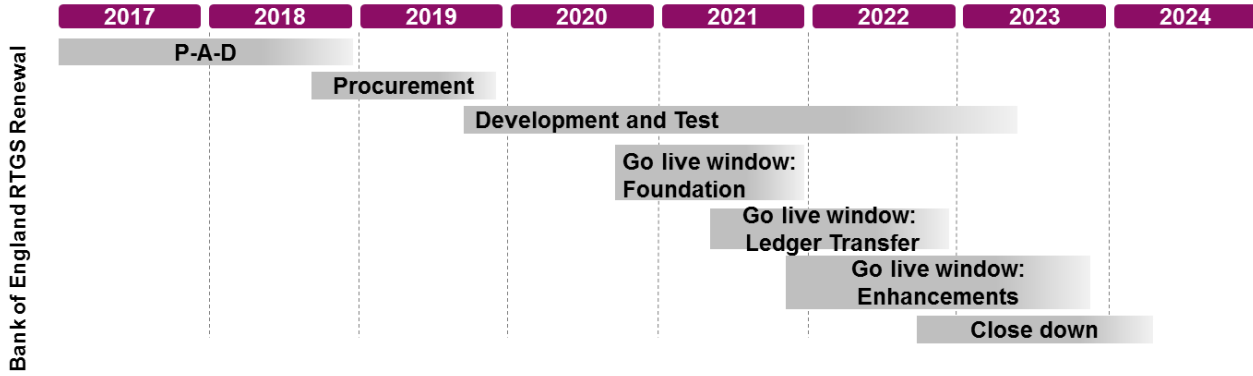
EAB Action Ref	Date of EAB	Action agreed	Action Owner	Date due	Status	Update
6	6 Dec 17	Programme to add view of change as a standing agenda item.	Programme team	22/12/17	Open	
7	6 Dec 17	Programme team to review timeline to include decommissioning of the current RTGS system.	Programme team	22/12/17	Open	
8	6 Dec 17	EAB members to provide any further detailed feedback on transition questionnaire by 22 December.	EAB	22/12/17	Open	
9	6 Dec 17	Programme to discuss transition questionnaire bilaterally with NPSO.	Programme team	22/12/17	Closed	John Jackson and Sara Ward discussed with Paul Horlock



Annex 1: Indicative Programme Timelines

Indicative programme timelines

- Potential for new functionality to be delivered from 2020
- Cut over to the new ledger will be 2021 – 2022



RTGS Renewal is one of many domestic, European and global changes affecting the payments industry

For example

- PSD2/ Open Banking
- Brexit
- NPA
- GDPR
- SEPA Integration
- ISO 20022
- Structural Reform
- Target Instant Payments Settlement
- Payments Canada CCSS