



RTGS Renewal Programme – External Advisory Body

Wednesday 19 July 2017

Attendees: **Members:**
Barclays
BONYM
Citi
EUI
CHAPS CO
Lloyds
Metro Bank
PSR
APS
Worldpay
Bank of England

Introductions

1. The Chair welcomed the members of the Advisory Body and stressed the importance the Bank placed on close engagement with RTGS users. Such engagement would be central to the success of the renewal programme. This was not merely a Bank project – but a sterling market-wide project, in three key respects: first, in terms of funding (since the programme would be paid for by current and future users); second, in terms of expertise (where the Bank would need to draw on the widest possible range of inputs); and third in terms of delivery (since change would be required, not just to Bank systems and processes, but also to those of users).
2. That Chair noted that, in the near-term, the Body would not cover industry liaison related to the successful transition of CHAPSCo into the Bank: the Bank and CHAPSCo were working closely together on that. Further out, however, the Advisory Body would have the opportunity to review how the Bank’s plans for a fully holistic end-to-end High Value Payment System would interact with the redesign of the central infrastructure.
3. Members strongly welcomed the creation of the Advisory Body, and its composition, which gave good representation to smaller institutions and new entrants as well as larger firms. They discussed their expectations of the role it could best play. Several stressed the need to co-ordinate effectively with the many other change initiatives currently under way in the payments industry. They highlighted the importance of “future proofing” the new system as far as possible, starting always with RTGS’ primary purpose of protecting financial stability, but also placing due weight on ensuring fair competition and maximising interoperability with other systems, both domestic and international. Members noted the important role the Advisory Body could play in ensuring the Bank had the information it needed to ensure a safe transition to the new RTGS system.

Discussion of the terms of reference

4. The Advisory Body discussed and endorsed its terms of reference. Members welcomed the intention to have frank and robust two-way exchanges of views, and recognised that for this to happen members would need to take an industry-wide view, as the terms of reference set out. To ensure that could happen, members asked to receive any advance materials in good time ahead of meetings, to allow proper reflection on the issues raised.



5. The Chair noted that the Advisory Body would only deal with the biggest issues. More detailed work would be undertaken through subject-specific working groups. Further information on the structure and membership of these groups would be shared with Advisory Body members at the next meeting.
6. Members then discussed the other channels via which the Bank would communicate during the programme. The Bank planned to hold industry-wide briefing sessions roughly every six months. Two such meetings had already been held in the last year, and had been well received. Wider communications would also be considered, as appropriate. The Bank nevertheless welcomed ongoing input and advice on its market-wide communications programme, both from the group and from the programme's wider stakeholders.

Forward agenda to June 2018

7. An indicative programme timeline and forward agenda were presented. Over the next year, as the programme worked towards defining requirements to support initiation of procurement for a specific system architecture, members' input would be particularly important in three areas: identifying industry-wide costs and benefits to help the Bank shape the programme's final scope; sharing information on the effect that the Bank's new operating model for the RTGS infrastructure and HVPS scheme would have on industry; and contributing to implementation planning, in particular the phasing of change.
8. During the discussion on cost-benefit analysis, members noted that lessons could usefully be learnt from other related payments programmes. They cautioned against investing too much of the programme's scarce resources in trying to quantify the implications of individual scope and design choices to a high level of precision, given that many of the objectives of the change programme related to forward-looking, system-wide policy goals.
9. Members asked how the Bank planned to work alongside the prospective changes planned for the retail payment schemes and infrastructure. RTGS would provide settlement services to the New Payments Architecture (NPA) and the Bank had been working with the private-sector teams responsible for the development of the NPA to ensure they understood the related design issues. Detailed implementation work had not yet begun on the new retail schemes however, and it would be important to establish a close relationship when a delivery team was formed. In this respect, the Chief Executive of the New Payment System Operator (NPSO) would be invited to join the Advisory Body once they had been appointed. More broadly, the Bank would regularly review relationships across the industry to ensure they were functioning effectively.
10. Members welcomed the Bank's open and constructive approach during the early part of the programme. They asked that the Bank continue this approach and share information in as timely a way as possible. This would enable them to best fulfil their role on the Advisory Body. This was especially important with respect to options for phased implementation during the later build stage, which industry would have to take into careful consideration during their own planning and investment discussions.

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11. There was no further business.