



RTGS Renewal Programme – External Advisory Body

Thursday 22 February 2018

Attendees: **Members:**

Barclays
BONYM
Citi
EUI
Lloyds
NPSO
PSR
Worldpay
Independent Challenge
Bank of England

Apologies: Metro Bank
Paysafe

Welcome and introductions

1. The Chair welcomed members to the fourth EAB meeting. The Chair noted the record of the previous meeting had been agreed and published on the Bank's website.
2. The Chair noted that the Bank was establishing a new Strategic Advisory Forum (SAF) – a small, focused senior group to discuss and provide market feedback and advice on the strategic direction of CHAPS. The SAF would be chaired by Kevin Brown, an independent member of the RTGS / CHAPS Board, who would be joining the EAB as an observer to ensure ongoing alignment between the two groups.
3. An update was provided on the creation of the NPSO's Participant and End User Councils. While it was noted the Bank and NPSO may both be recruiting from a similar pool of industry and user representatives, minimal overlap in representatives was expected given the NPSO's retail focus and the Bank's wholesale focus.
4. Members were asked to declare any conflicts of interest related to matters arising at EAB. None were raised.



Item 1: Review of actions from previous meetings

5. An update was provided on actions. All actions were marked as complete. The Bank was not yet in a position to give a precise timeline for decommissioning the current RTGS service, but periodic updates would be provided as the overall transition plan developed.

Item 2: RTGS Renewal programme update

6. An update on the programme was provided. A second round of supplier market engagement had commenced, the purpose was to validate assumptions and gather additional information ahead of formal procurement.
7. A decision to build the core settlement engine had been made by the programme in December. This significant milestone had allowed the programme to narrow options and further progress planning.
8. Members were updated on progress on providing assurance on programme delivery. An early stage broad-scope peer review had been completed in January 2018. Findings from the review, including investment in the Plan-Analyse-Design (PAD) phase of the programme, had been broadly positive, and a number of recommendations had been made on resourcing, governance and planning on the transition between PAD and delivery. Members noted that alignment between the RTGS Renewal programme and the NPSO's retail infrastructure replacement scheme (the 'NPA') would also be a key factor. Looking forwards, EAB welcomed the news that an assurance partner had been appointed for the forthcoming phases of the programme.

Item 3: Early findings from the transition questionnaire

9. In January 2018, the programme had issued a transition questionnaire to direct members, payment schemes and a sub-set of indirect members. The purpose of the transition questionnaire was:
 - To establish users' preferences for the order in which functionality was delivered across the life of the programme.
 - To gain a better understanding of firms' constraints.
10. The questionnaire closed on 12 February 2018. An overview of some emerging themes from the initial analysis was provided. The move to ISO 20022 had emerged as a clear priority, although there were different views on how it should be adopted. Some firms expressed a preference to move to ISO 20022 in a single step (changing to the new messaging format and simultaneously collecting additional data). While this would be a more complex change, it would allow benefits to be realised early. Others preferred to split these phases, in order to recognise potential challenges with collecting new data.
11. Respondents expressed a preference for a flexible release schedule, even if that meant the full suite of benefits would be delivered later in the current programme timeline than might otherwise be the case. Given the complex change landscape in the payments industry, this flexibility was seen by many respondents as important to allow firms to schedule their own releases at the optimal time. Members recognised the importance of providing some flexibility, but noted that it would come at a price, both in terms of cost and in terms of the pace of transition. Ultimately the Bank would need to mandate an "end date" to provide focus and momentum. EAB felt the Bank would need to drive the overall timeline with determination – but in doing so give as much notice as possible of the transition plan and release schedule.



12. Members noted the importance of notice periods and working across industry when planning transition in detail – another key theme from the questionnaire. Of particular importance would be coordination with the NPSO on the implementation of ISO 20022. The Bank and NPSO advised that their teams were working closely and had recently held a joint planning workshop.
13. The Bank advised that detailed analysis of the transition questionnaire responses, alongside other information, including the experience of other central banks, would shape options for the transition path.

Item 4: ISO 20022 update

14. The Bank updated EAB on its design work on the adoption of the new ISO 20022 format for the next generation of RTGS. A consultation document would be issued in the Spring or early Summer, and to support development of those proposals the Bank had engaged broadly across the payments industry and more widely to understand the use cases and benefits that could be realised through implementation of ISO 20022. This work had also considered some of the challenges implementation could present. The Chair noted that the public authorities also had broader policy interests in a number of the proposals.
15. The programme presented an update on emerging conclusions from the ISO 20022 data working group around message content, which included a desire to see:
 - More structured name / address fields
 - New fields for Legal Entity Identifiers (LEIs) for both financial and non-financial entities
 - Clear identification of the ultimate originator/ ultimate beneficiary
 - Implementation of UK specific purpose codes
 - Greater structure for remittance information; and
 - Facilitation for API call field / overlay services
16. Members agreed on the potential of LEIs, but noted the need for more widespread adoption across the UK economy for this to be fully effective. There was a question as to what extent the Bank might need to drive this, and the cost/benefit case for doing so. Members stressed that in some parts of the extended data set, the Bank would need to consider carefully whether to make data collection mandatory, over some time period. Examples were given of previous implementations where a lack of mandating created issues. There was a strong view from EAB that the Bank would need to set out a clear vision on message structure, mandatory fields and timelines for implementation, informed by the ISO 20022 Working Groups, but also its own policy objectives and those of other authorities –.
17. The Bank presented an update on emerging conclusions from the ISO 20022 Interoperability Working Group, focusing in particular on governance and special characters. Recognising that the Bank and NPSO were collaborating to develop a core messaging standard for the UK payment schemes, Members felt it was also important to understand how that standard would interact with other global standards. The programme agreed that this was important, particularly for the firms most active in cross-border business, and noted ongoing work by other bodies to review HVPS+ and considering the approach to international harmonisation. **Action: the Chair asked the programme team to set out how the UK ISO 20022 message standard would interact with other global standards.**



18. Members felt that through their organisation's representation on Working Groups, they were well engaged on this topic and that it had appropriate prominence within their organisations. However given the importance of ISO 20022, it was suggested that bilateral discussions be held to further shape the consultation. A draft of the consultation would be shared at the next EAB.

Item 5: Industry view of change

19. The programme asked members to review the current view of the payments industry change landscape. **Action: EAB members to share any additional views of change.**

Item 6: AOB

20. The Bank noted that they were seeking to increase the diversity of Working Group representatives, and EAB members made a number of suggestions on how this might be achieved which the programme team would follow up.

**Appendix A: Log of actions agreed in the meeting**

EAB Action Ref	Date of EAB	Action agreed	Action Owner	Date due	Status	Update
7	6 Dec 17	Programme team to review timeline to include decommissioning of the current RTGS system.	Programme team	22 Dec 17	Closed	The Bank intends to have a period of dual running whilst the new system is fully embedded and until such time that the Bank is confident that the system is resilient and that there are no significant risks to the service. Until plans for transition are developed (expected H2 2018), we cannot provide an indication of decommissioning timelines. Propose to close the action and provide periodical updates to EAB as plans develop.
10	22 Feb 18	Programme team to share a view the UK ISO 20022 message standard will interact with other global standards	Rebecca Hall	19 Apr 18	Open	
11	22 Feb 18	Share additional view of the payments industry change landscape with the RTGS programme.	Russell Saunders	16 Mar 18	Complete	