



## Minutes – Standards Advisory Panel (SAP)

05 July 2019

**Location:** Bank of England, Threadneedle Street, London, EC2R 8AH.

**Attendees:**

**Members:**

Jana Mackintosh  
 Brendan Reilly  
 Ralf Ohlhausen  
 David Llewelyn  
 Robert White  
 Karen Braithwaite  
 Andrew Cregan  
 James Barclay  
 Domenico Scaffidi  
 James Whittle  
 James Southgate  
 Shriyanka Hore

Chair (Worldpay)  
 Silicon Valley Bank  
 PPRO  
 HomeServe  
 Santander  
 Barclays  
 British Retail Consortium  
 JP Morgan  
 Volante  
 Pay.UK  
 Bank of England  
 Oracle

**Observers:**

Oli Bogaerts  
 Ben Woodside

Financial Conduct Authority  
 Payment Systems Regulator

**Other attendees:**

Bank of England & Pay.UK Secretariat  
 Presenters from Bank of England

**Apologies:** Toby Young  
 Andy Young  
 Jo Oxley

Ebury  
 LV=  
 Government Banking Service

**Item 1: Updated benefits and success criteria**

1. The Bank of England ('the Bank') presented a table setting out the key benefits of ISO 20022 implementation, the particular feature of ISO 20022 that enables each benefit, and potential ways of measuring success of implementation.
2. The Panel agreed with the features identified by the Bank as enabling each benefit, e.g. the clear structure makes messages machine readable and improves straight-through-processing. The Bank noted that the introduction of ISO 20022 enabled such benefits, but their realisation was

dependent on a number of externalities. In this example, the clear structure of ISO 20022 will only bring benefits if the fields are used uniformly across the payment landscape. The Panel agreed, and asked the Bank to add externalities to the table, to delineate between factors in the Bank and Pay.UK's control and those that are not. **ACT:** Bank to consider externalities and how they happen.

3. The Panel challenged the Bank to create more empirical measures of the potential benefits. The Bank agreed that this was the ultimate aim of this work, but noted the difficulty in doing so with the number of externalities in play, although drawing the externalities out would help develop measures. The Bank and Pay.UK said they will continue to work with SAP to explore and develop potential performance measures.
4. The Panel also challenged the Bank to put an end-user lens on each benefit. They suggested mapping out an end-to-end customer/payment journey, bringing out the existing frictions that could be smoothed by ISO 20022 if fully implemented. The Bank agreed this would be a useful way of looking at the benefits. **ACT:** Bank to map an end-to-end customer journey.
5. There is a joint Bank/Pay.UK work stream looking at allowing payments to be rerouted between CHAPS and New Payments Architecture (NPA) as a contingency measure. The Panel suggested that the ability to reroute payments in BAU would be beneficial, in addition to a formal contingency solution. **ACT:** The Bank and Pay.UK are undertaking analysis to identify the key pieces of data that must be shared across the two systems to enable interoperability. The Panel felt that it was important for SAP to investigate this opportunity as part of its work.
6. The Panel thought that progress towards structured address information could be considered a measure of success. Unstructured address fields require significant manual intervention and carrying this data will help reduce financial crime. **ACT:** Bank and Pay.UK to look at some test cases to understand if there are any unintended consequences of making this information mandatory. It was noted that TARGET2 has mandated structured address information.

## **Item 2: Market guidance**

7. The Bank confirmed that it will produce like-for-like guidance by the end of the year. It felt that users require guidance when a new standard is implemented in order to avoid the same fields being used in different ways. The guidance will be developed in two phases: a like-for-like phase focusing on format changes that affect direct participants in CHAPS (financial institutions rather than end users) and an enhanced phase involving wider stakeholders who will bring in end user views, such as trade associations. The Bank sees itself as supporting and coordinating the delivery of the guidance by this second group because it does not feel it has the expertise on end user impacts to solely lead this work. The Bank will pilot the enhanced messages this year.
8. Pay.UK suggested using its Industry Standards Coordination Committee and the Panel to analyse how purpose codes could be used in an end-to-end payment journey, e.g. for a house purchase. This would be more aligned with Pay.UK which will not use the CCM (Common Credit Message) directly but will define the payment propositions that run across the CCM. They suggested exploring the Venn diagram between the Bank and Pay.UK's requirements and working together to agree the scenarios that should be taken forward. Other Panel members suggested that fraud is a major use case to be addressed by this work, although it was acknowledged that this could lead to a de facto industry approach or mandatory requirements on fraud prevention. The work of the two groups will help to determine that.

9. **ACT:** Bank and Pay.UK to arrange workshops with SAP focussing on how to achieve beneficial outcomes for participants and end users, and to explore whether there is a desire for any further functionality. These could leverage work on purpose codes or structured address fields to address an activity generating a lot of manual intervention. Workshops will focus on:
  - a. APP scams/fraud – using standard data points to enable greater intelligence to be derived by the market.
  - b. False positives – reducing manual repair of transactions, especially payments originated overseas on FPS and CHAPS.

### **Item 3: High level communication plan**

10. The Bank set out a timeline for the CHAPS like-for-like messages. Discussion focused around whether the Bank should issue a stronger message that is moving to ISO 20022, preferring to build a business case around its use rather than forcing the market to adopt it. In particular, they wanted to avoid giving the impression that indirect participants do not have to make any changes. How the Bank could best disseminate this message was also discussed, specifically how much responsibility it could place on different market working groups to get out the message versus the Bank communicating directly with the market.

### **Item 4: Change management**

11. Pay.UK explained that the change of standards and rules within the NPA will be driven by users in an annual change request cycle with an additional fast-track process for justifiable cases, e.g. regulatory changes and security threats. He pointed out that the change request timeline (proposal in May, decision in June and implementation in December) relates to the publication of the standard. The time it will take for a community of users to implement a change after December will be determined by each individual service and its T&Cs.
12. Panel members were concerned that every payment system and platform is concentrating its changes at the end of each year, putting pressure on the industry to engage with all processes at once. The Bank noted that in the new world of ISO 20022 it will no longer be tied to the SWIFT change request timeline, which means that it may be possible to better coordinate changes across the different payment systems globally. This is a subject that the SAP should return to in future (**ACT:** Bank and Pay.UK to work on a joint proposal to be shared with SAP).

### **Item 5: Metadata and purpose codes**

13. The Bank reviewed the outcome of the joint Bank and Pay.UK ISO 20022 Consultation Paper issued in 2018. It suggested setting up a new work stream under ISO 20022 to review the existing purpose code list to make it a more complete, possibly tiered list. From that international list, a subset of codes could be built for payments originated in the UK.
14. Panel members supported the creation of this list. But they pointed out many of the issues the Bank and Pay.UK have recognised, including who will be responsible for inputting the new codes. Outside of the inter-bank space it could be difficult to control how these codes are used, and this is not in the Bank's remit to manage. Making purpose codes mandatory does not stop an end user putting a random code into the field just to fulfill the requirement. The Bank is aware of the need for consistent use of purpose codes, and will continue to consider how it can promote their benefits to all members of the payments chain, including end-users.

**Item 6: Forward agenda**

15. Panel members suggested alignment with other European ISO 20022 migrations (e.g. TARGET2 and EURO1) and the ISO 8583 revision as future agenda items.
16. Other suggested topics included a discussion around how other standards developments, such as ISO, are developing and changing.

**Item 7: AOB**

17. A consultation on the NPA Core Standard will be issued at the end of the year. A questionnaire on the transition from Faster Payments to the NPA has now been issued. It is aimed at FPS participants but it is open to the wider market to respond to. It contains questions relating to ISO 20022 including what enhancements the market wants to see and when. The questionnaire is available here: <https://www.wearepay.uk/faster-payments-transition-questionnaire/>