



Minutes – Standards Advisory Panel (SAP)

10 September 2019

Location: Pay.UK, 2 Thomas More Square, London E1W 1YN.

Attendees:

Members:

Brendan Reilly	Silicon Valley Bank
David Llewelyn	HomeServe
Robert White	Santander
Karen Braithwaite	Barclays (stand in Chair)
James Barclay	JP Morgan
Domenico Scaffidi	Volante
Shriyanka Hore	Oracle
Jo Oxley	Government Banking Service
Toby Young	Ebury
Andy Young	LV=
James Whittle	Pay.UK
James Southgate	Bank of England

Observers:

Maha El Dimachki	Financial Conduct Authority
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Other attendees:

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

Apologies:

Andrew Cregan	British Retail Consortium
Jana Mackintosh	Chair (Worldpay)
Ralf Ohlhausen	PPRO

Item 1: Update on timing and approach, NPA Standards

1. Pay.UK provided a number of updates to the Panel. It discussed the layered structure of the New Payments Architecture (NPA), with the payment propositions sitting on top of, and separate to, the core settlement engine. The NPA will be component driven, with firms able to use any or all of the propositions that they wish to offer. Pay.UK also notified the Panel that it would have a core standard ready by the end of the year and will be consulting on the standard in early 2020. It also noted that it needs to take a view on a number of standards in addition to ISO 20022.
2. The Bank of England ('the Bank') and Pay.UK clarified that their individual ISO 20022 projects are running separately, and are tied to the requirements and timelines of their respective technology

renewal programmes. Nevertheless, on ISO 20022 both were committed to align timelines, technical details and data requirements where possible, recognising the benefits of harmonisation and consistency to the industry.

Item 2: FPS Questionnaire indicators regarding the ISO transition approach for the NPA Programme

3. Pay.UK recently published a questionnaire on migrating FPS onto the NPA. It updated the Panel on some of the key themes from responses to questions about the ISO 20022 transition approach. These included:
 - a. 60% of the 46 respondents wanted enhanced data in FPS from day one or within the first year after transition.
 - b. The most commonly requested enhanced fields were, in order: enhanced remittance data, LEIs, 'track and trace' and purpose codes.
 - c. A need for a clear roadmap for NPA delivery. Pay.UK stated that it is expecting to be able to share more clear and detailed plans once its technology partner has been procured.
4. A full response to the questionnaire will be published on the Pay.UK website in due course.

Item 3: NPA core standard enhancements

5. Pay.UK is currently considering how it can catalyse the network effects that would deliver the maximum benefits to the industry from the new enhanced core standard. As part of this, it is looking at which parties it can say must include which data. The Panel had two main points:
 - a. Any mandate on indirect participants and end-users should only be the ability to accept flows – how particular fields and data are used by customers should be competitive. The Bank and Pay.UK noted here that there is a balance to strike between competition and the need for some central impetus to ensure consistent use of the message. This is why the Bank is planning to initiate and assist the creation of market guidance by, and for, different sectors of the economy using CHAPS payments.
 - b. Sometimes there are barriers to including data that are not solely down to it being offered to customers. For example, the FPS 140 character field is not used because it does not fit on a paper statement.
6. Pay.UK noted these comments and will consider them as it advances this work.

Item 4: Benefits and success criteria

7. The Bank was exploring potential quantitative measures to fully assess the benefits of introducing ISO 20022. The Panel has previously discussed what qualitative benefits could be delivered with an ideal implementation of ISO 20022, and what else needs to happen to deliver those benefits, given delivery is not in the direct control of any one agent.
8. The Panel gave a number of suggestions and comments on developing such measures, and potential success criteria. It also noted that whilst the mandatory inclusion of certain data may be required to deliver the benefits, any mandation should be clearly signposted well in advance. This is particularly so for customer data, to allow firms to build the channels to collect such data.
9. On strengthened operational resilience as a benefit, the Panel discussed the Bank's proposal to build a 'CHAPS as a retail alternative' (CARA) service for a contingency scenario. The Panel was

generally very supportive of the proposal. The Panel asked about the trade-off of spending resources on CARA, versus NPA central contingency options. The Bank noted that CARA was not designed to replace or reduce any NPA resiliency measures, but as an extra measure for extreme scenarios, to ensure that critical retail payments could still be made by the end of the intended value day. The Panel also noted that the rerouting process needs to be very simple in order to be useable in a live scenario. The Bank noted these comments and will take them into account, alongside the responses to its survey.

Item 5: ISO 2022 transition approach

10. In light of the ISO 2022 transition approaches of SWIFT and the European Central Bank (ECB), the Bank has been reconsidering its own transition approach. In the original 2018 ISO 2022 Consultation Document, the Bank proposed a like-for-like phase from H1 2022, in which direct participants (DPs) in CHAPS would be required to send ISO 2022 messages with only the same data as currently is held in existing MT messages. If there was sufficient demand, the Bank may introduce a separate Closed User Group for DPs wishing to send and receive enhanced data early. Following feedback from participants, which had itself been prompted by the overseas approaches becoming clearer, the Bank is now considering whether to make it mandatory to be able to receive enhanced data from H1 2022.
11. The Bank noted that this would slightly shorten the time between the enhanced schemas being available and DPs being required to receive enhanced messages from around 24 to 18 months. Based on the Bank's recent engagement with DPs, it believes such an approach to be feasible, though possibly challenging for the small number of firms not able to reuse development work from TARGET2. More broadly, it will be monitoring industry progress towards ISO 2022 readiness.
12. The Panel noted that the changing approach puts some level of dependency on SWIFT and the ECB delivering relatively on time. The Bank acknowledged this, but was confident that there is not such a strong interdependency that a delay to either SWIFT or the ECB would significantly delay its own implementation.
13. The Bank stressed that it needed to ensure it has sought the views of a sufficiently wide range of stakeholders before taking a final decision. The Bank will take a final decision on whether to change the readiness requirement for H1 2022 before the end of this year.