



Minutes – Standards Advisory Panel (SAP)

29 June 2020

Attendees: [NB all by phone]

Members:

Jana Mackintosh
Brendan Reilly
Robert White
Karen Braithwaite
James Barclay
Domenico Scaffidi
Jo Oxley
Ralf Ohlhausen
Shriyanka Hore
Toby Young
Andy Young
James Whittle
James Southgate

Chair (Worldpay)
Silicon Valley Bank
Santander
Barclays
JP Morgan
Volante
Government Banking Service
PPRO
Oracle
Ebury
LV=
Pay.UK
Bank of England

Observers:

Ian Ellis

Payment Systems Regulator

Other attendees:

Carlo Palmers
Bank of England & Pay.UK Secretariat
Bank of England & Pay.UK Presenters

SWIFT

Apologies: Andrew Cregan
David Llewelyn

British Retail Consortium
HomeServe

Item 1: SWIFT IP+ – overview and group discussion

1. At the previous meeting, Pay.UK sought the Panel’s view on SWIFT Instant Payments Plus (IP+), to which the Panel suggested inviting SWIFT to discuss its initiative in more detail and explore how it fits with other initiatives in this space. Pay.UK did so, and Carlo Palmers from SWIFT joined this meeting.
2. The group was set up to design a standard for international payments being made through instant payment systems, often as a result of opening hours of RTGS systems. As such, it is likely to fill the space between HVPS+ and CBPR+ guidance.
3. SWIFT recognised the limitations at the present time, with instant payment solutions not globally ubiquitous, and some only allowing domestic payments. The Panel asked what the IP+ group

proposed to do about these issues. SWIFT clarified that the scope of the group only reached as far as designing the standard, and it was for domestic payment scheme operators and/or authorities to decide whether to use it and whether to enable international payments. The group would not lobby operators or authorities to introduce a solution or to enable international payments.

4. SWIFT and Pay.UK noted that other limitations would still affect the efficacy and speed of international payments, such as AML responsibilities, but having a consistent standard across borders would be an improvement. The Bank of England (the Bank) recognised the same would continue to be the case for high value international payments, but adherence to HVPS+ by the majority of large high value payments system operators would smooth some frictions.
5. The Panel asked about the makeup of the group. SWIFT noted the group was a number of global correspondent banks, central banks and scheme operators, with UK representation.
6. SWIFT confirmed that the group had covered a number of the main messages required for a system to run which are comparable to the HVPS+ and CBPR+ guidelines, and will look to finalise in the near future. The group will then go dormant until further maintenance of the messages might be required.

Item 2: Role of Pay.UK in setting standards – walkthrough

7. Pay.UK has further considered its role with respect to enhanced data in the Common Credit Message (CCM), and in particular whether it can mandate certain fields, and enforce adherence to those requirements. It is also considering what contractual structure would best support use of enhanced data. The Panel asked Pay.UK to clarify the parties that would be included in such a contract; Pay.UK advised that this thinking was still in its infancy internally, but that it was leaning towards a 'contract per service' arrangement.
8. The Panel questioned whether Pay.UK would be willing to disconnect participants from a service if they were not adhering to rules around enhanced data. Pay.UK acknowledged this was possible but a very severe sanction, and there would necessarily be many considerations before this would be used in practice as part of a standard escalation procedure. It would prefer to create positive impetus in the industry, but recognised that there are times that enforcement is required. Pay.UK also noted that in some instances, data is exchanged outside of its infrastructure. In this circumstance, it is not possible to proactively enforce where standards are not being met, and instead Pay.UK relies on external parties informing it. Therefore, mandating a standard will need to be considered on a case by case basis.
9. The Panel suggested that further work needed to be done on where the boundary lies between specifying and mandating data. For example, could Pay.UK mandate data from a corporate with which Pay.UK does not have a direct relationship. Pay.UK agreed, and noted that its work to define the roles in which it can act will help it on this path.
10. The Panel further questioned whether a timeline of 12-24 months to introduce changes to the standard was too long in the current landscape. Pay.UK noted that this was a range designed to incorporate a variety of different changes to a standard. For larger amendments that might require industry consultation and engagement, the full 24 months may be needed to allow industry to develop and test any significant additions or changes to existing systems. The Panel further suggested that Pay.UK should consider if change requests would be a different process to a new standard. Pay.UK noted that until the processes were being utilised, it was challenging to accurately predict what timelines were appropriate.

Item 3: Bank's Industry Review – overview and timelines

11. The Bank provided a brief update on the purpose, structure and contents of its Industry Review of the final draft enhanced message schemas, published 6 July. This document can be found [here](#).
12. The Bank also discussed that it was considering its own ISO transition approach in light of SWIFT announcing in March 2020 that it would delay its cross border migration by a year, and the European Central Bank having been asked by industry to consider delaying its own migration by a year.
13. The Panel asked whether the Bank was considering permitting use of the cloud for data storage. The Bank advised this was not in the scope of the Industry Review, but that it is looking at this currently as CHAPS payment system operator. It noted that category three firms (the smallest in CHAPS) are permitted to use the cloud already.

Item 4: Pay.UK NPA Standard Consultation – high level summary of feedback received

14. Pay.UK provided a short summary of its findings from its [Next Generation Standard for UK Retail Payments Consultation](#). Feedback included to provide context and colour to the initial set of six messages that form the NPA Standard with payments journeys and further engaging with industry (e.g. ISCC, SAP and the NPA working groups), Pay.UK will provide this to industry in the coming months. It also noted that the Bank and Pay.UK have a coordination resource in place to ensure consistency between the two operators, which the Panel welcomed.
15. Pay.UK advised that it still needs to work with industry to qualify some of the detail. For example, where it plans to mandate LEIs for financial institution, it needs to qualify which institutions classify as a financial institution and is looking to work with the industry on this. Pay.UK briefly updated the Panel on its intention to stand up a Community of Developers to help advise Pay.UK and drive the work on building block data forward. Further details on this will be provided in due course, with Pay.UK looking to hold an initial meeting at the end of July 2020. Pay.UK welcomed any initial feedback from the Panel.
16. The Panel asked how Pay.UK's proposed messages, that form the NPA Standard, sat alongside the SWIFT-led work on international harmonisation and interoperability. Pay.UK confirmed that it has been conducting field by field comparisons with existing and proposed messages used internationally. But it warned that standards were only part of the picture, and instant payment operators needed to consider what else must be done to reduce cross border frictions. For example, legal requirements, settlement risk and AML responsibilities. Pay.UK also warned of potential inconsistencies in messaging among payment service providers, when firms must implement standards to fit their own constraints, development processes and technology. However, Pay.UK is positive on the prospects for a standard that would help cross border payments.

Item 5: Pay.UK card identifiers – update

17. Following the discussion on card identifier standards at the last meeting, Pay.UK confirmed they would remain its responsibility and not be passed over to UK Finance. The Pay.UK Board can see benefits in producing standards that may not be directly applicable to Pay.UK. The Panel welcomed this announcement.