



## Minutes – Standards Advisory Panel (SAP)

16 September 2020

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**Attendees:** [NB all by phone]

**Members:**

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

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

**Observers:**

Ian Ellis

Payment Systems Regulator

**Other attendees:**

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

**Apologies:** Andrew Cregan  
David Llewelyn

British Retail Consortium  
HomeServe

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**Item 1: Welcome and introductions**

1. The Bank provided a brief update on the recent change to the SAP Chair and introduced the new SAP Chair, Karen Braithwaite, to the Panel. Round the table introductions with all the SAP members followed.

**Item 2: How to maximise the benefit of SAP – for discussion**

2. The Panel agreed that it would take more of a broader, strategic role going forward, unlock challenges, as well as promote benefits to end user outcomes and communities not only for payments Standards but also outside of payments. Previously, the Panel had spent time on some technical aspects in this space but will refocus its efforts on the high level strategy on Standards with a longer term view.

3. The Panel suggested looking at other global market infrastructures that have implemented ISO 20022 migration programmes (e.g. Switzerland) and are a few steps ahead, to capture any lessons learned, the realised benefits and outcomes.
4. The Panel agreed taking a longer term focus on Standards with end user experience and benefits in mind. It noted that it was concerned that there may be a lack of education on ISO 20022 (and it being a transformative change beyond purely payments) and that clear business cases need to be communicated and understood by the industry. The Panel welcomed more powerful use cases, real world examples and successes in other countries, that will help realise the benefits.
5. The Panel agreed the problem we are trying to solve is the ‘so what’ and the ‘when’ and more focus is required on understanding the challenges that Standards could solve. It was suggested that a short one-page summary would be helpful to illustrate what the key changes will be and its impact, what it means for corporates, and end users, to show standards are relevant and outline its benefits. The landscape is changing and the Panel could look to open up a conversation with the wider industry about how transformative these changes are and could be, and the opportunities that arise.
6. The Panel welcomed the process proposed of developing the building blocks together, understanding the tangible steps to take (a roadmap) and agree on priority items for not only today but also the longer term.

**Item 3: Bank’s current position and timelines – update**

7. The Bank provided an update on changes to its timelines on migrating to enhanced ISO 20022 messaging schemas for CHAPS. DPs will be required to receive and send according to the like-for-like schema and rules from June 2022. From February 2023, sending of enhanced data will be optional but all DPs must be able to receive it, with sending enhanced data becoming mandatory from 2024. The Bank will replace the RTGS core ledger in September 2023. The Bank’s Technology Delivery Partner, Accenture, has been onboarded in August 2020 and several discussions have been had with its Direct Participants on timeline changes including its Programme Managers Working Group. Enhanced schemas are close to complete, currently undergoing final QA and the publication of the schemas is planned for mid to end October 2020, along with an update to the published Like-for-Like schemas due to changes from the CBPR+ group.
8. The Bank provided a brief update on its approach to its policy objectives and what it will look to mandate in 2023. It was noted that until SWIFT completely switch off the use of MT messages there is a financial stability impact of rejecting payments because of issues with the accompanying enhanced data.. Therefore, it is looking to use business rules to mandate such data initially. A revised policy strategy will be published before the end of the year, noting a separate publication to the enhanced schemas.

**Item 4: Pay.UK consultation update and timelines – update**

9. Pay.UK noted it has provided an update to industry on its Consultation, signposting its approach, where Pay.UK currently is and what the plan is going forward. From a strategic lens, it asked the Panel whether it had any additional thoughts to explore further opportunities and outcomes enabled by Standards jointly between Pay.UK and the Bank. The Consultation update covers three aspects – a summary of what the respondents said, what Pay.UK has done since the Consultation closed, and the next steps and indicative timelines. Since the Consultation closed at the end of April, Pay.UK has continued to work with the Bank closely to facilitate alignment where possible,

and helped shape and influence various stakeholder groups with UK Finance as part of the Future of Payments initiative. Furthermore, it has set up the Community of Developers which has received strong support from its attendees, as well as begun to outreach to HMRC and the British Accountancy Software Developers Association (BASDA) on how we can collaborate on setting standards to enable end user benefits.

10. In regards to next steps, as noted earlier, strategically the key here is Pay.UK will move from looking at the data enhancement building blocks in a siloed approach, to also thinking about 'how might the building blocks work together for a specific outcome'. Pay.UK also wants to spend more time on the external engagement aspect to understand how benefits can be unlocked more widely. The key next steps on the Pay.UK building blocks:

- *UETR*: Develop Pay.UK's approach, identify more use cases/outcomes, build on the FPS pilot.
- *LEIs*: plan on working with GLEIF, determine exact initial usage, work with SAP and others to determine value case more broadly.
- *Structured Data*: covers structured remittance data and addresses. Start to develop with industry use cases how Structured Data might work with other building blocks.
- *Purpose Codes*: will talk about the development work later on but working with industry groups (e.g. HMRC and small businesses) to understand what benefits the use of Purpose Codes may unlock.
- *Enhanced Remittance Data and enhanced characters*: need to agree on the usage of structured and unstructured data including how phasing out of the latter might work. Engage with industry groups about what types of remittance data are common and how they would be considered in a message.

Pay.UK will aim to do as much external engagement jointly with the Bank, where appropriate, so both organisations are joined up on approach.

11. Pay.UK has published indicative timelines on when it will be publishing draft collateral for industry implementers – this is for Pay.UK to elicit feedback on what works and what else is needed to help with implementation. The approach will be phased over the next couple of years. In terms of final response to the Consultation, Pay.UK remains on track for the end of the year publication. The plan is to engage with different fora prior to finalising this so Pay.UK can solicit any additional relevant input required around end October and address any material challenge from industry.

12. The Panel challenged the alignment between the Bank and Pay.UK noting to industry that it might be perceived that the organisations are running on two parallel tracks and are not on the journey together. The Panel mentioned a need for a clear view on how the Bank and Pay.UK are looking at the objectives and challenges together and to address this collectively, and how to achieve the outcomes at the same time. The Bank noted a joint resource that is currently employed by both organisations to address the collaboration and coordination required between the two organisations, and will look to be more transparent on timelines. The Panel discussed a way to address this would be to create a single timetable across both areas initially at a high level, then a more detailed view specifically on deliverables and outcomes, timelines on mandating data fields, including an industry data model and the key Standards priority items for both organisations. The Bank and Pay.UK noted it will look to share more detail on the items both organisations are working on together, look and feel on the key collateral produced and how they differ, and will look to send a united message out to industry going forward to show that we are collaborating on the same outcomes.

## **Item 5 Strategic view on market guidance – for discussion**

13. The Bank provided an update on the market guidance workstream discussed at the SAP meeting in December 2019. The strategy going forward will be to align to the broader objective on market guidance and how it fits with other documents. The Bank noted it will focus on property transactions domestically in the first instance and the purpose codes which may relate to these transactions; it is working closely with Pay.UK and other key stakeholders on this work. The Panel queried how engagement with key stakeholders differed with Pay.UK's Proposition Exploration Group (PEG). Pay.UK noted this Group has a NPA focus and where appropriate Pay.UK will provide the link. Pay.UK mentioned going forward to achieve the right outcomes it will look to have the end user in mind, have the right audience in the room, be clear on the ask and remit of the Groups and external fora and how best to communicate effectively, Pay.UK to take this away and provide an update at the next SAP meeting. The Panel noted technology providers were missing from the Bank's stakeholder list and pressed the importance of end users being involved and engaged.
14. The Bank informed the Panel that market guidance developments are increasing in the cross-border space, and it will be useful to link up internationally. A proposal is currently being worked through with a PMPG subgroup. The Panel noted it would be worthwhile to consider going beyond payment standards and noted there are a number of industry groups looking at Standards; all trying to achieve the same outcomes. This could be a strategy piece for the Panel to discuss going forward.

## **Item 6 Any other business**

15. The Panel agreed there is opportunity in aligning industry on standards and interoperability, with the potential to speak to industry representatives from Natwest Group, UK Finance and Lloyds Banking Group to discuss the key standard initiatives and transformative changes with the Panel and how to create focus and consistency across industry.
16. The Panel discussed the opportunity in looking at other countries and their implementations, what worked well and what did not, and lessons learned on best practice. Further engagement with other central banks and PSOs to be considered. It was noted the CPMI initiative is a good example on the industry working together to achieve what good looks like in cooperation and outreach with other global markets.

**Close of meeting.**