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News release

1 May 2018

Consolidation of three UK Payment System Operators

- **NPSO take on responsibility for the Bacs and Faster Payment systems**
- **Move is the next step in streamlining the retail payment systems for the first time**

Today, the New Payment System Operator has taken over responsibility for the operation of two of the UK's retail payment systems – Bacs and Faster Payments. The NPSO expects to take over responsibility for the Cheque and Credit Clearing Company over the next few months.

The successful consolidation of the three operators has been a key focus for both the Payment Systems Regulator (PSR) and the Bank of England. This is an important step in bringing three payment systems together for the first time and will develop the capability and capacity of the operators, reducing the complexity and costs of having three separate retail payment system operators (PSOs).

The NPSO will also be responsible for delivering the New Payments Architecture (NPA) - an industry-led initiative that aims to increase competition and resilience as well as enhance innovation across the payments and banking industry.

Both the NPSO and NPA were key proposals of the Payments Strategy Forum (PSF), a group which was set up in 2015 by the PSR to identify, prioritise and develop strategic, collaborative initiatives to promote innovation in the interest of the people and organisations that use payment systems. The PSF's published blueprint includes a number of key future benefits for consumers for example, Confirmation of Payee (allowing customers to verify that they are paying the person they intend) and Request to Pay (a mechanism where a payee can send a request for payment to a payer) - services that the NPSO will support as delivery is developed in a competitive marketplace. Both of these will give consumers greater control of payments from their accounts and offer increased protection from fraud.

The PSR and Bank of England are monitoring progress to ensure that the NPSO delivers a system which will benefit everyone and enhance resilience within the UK payments sector.

Hannah Nixon, Managing Director of the PSR, said:

“Today sees the start of a generational change in transforming the UK’s payments infrastructure. This means that people and organisations that use payment systems will benefit from new products and services later this year.

The next step is the effective delivery of the New Payments Architecture and we have set out what we expect for this to be successful. The end result will see the NPA delivered in a timely manner, which is robust and resilient and has effective competition across all layers with low entry barriers for Payment Service Providers.”

David Bailey, Director, Financial Market Infrastructure, at the Bank of England, said:

“Today marks an important milestone in the evolution of payments within the UK, with the NPSO taking on responsibility for operating the Bacs and Faster Payments systems.

The Bank will supervise the NPSO, in its role as the operator of these systemically important payment systems. Through this, and working closely with the PSR, we look forward to monitoring the NPSO’s progress in realising the significant benefits to end users and financial stability that it has been created to deliver.”

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