



Interoperability Working Group Terms of Reference

Overview

As input to the design of the new RTGS service, the Bank of England will organise and chair Data and Interoperability Working Groups to provide industry advice on key aspects of the new messaging standard. While these groups will not be decision making, in advising the Bank, the groups will contribute to the policy shaping decisions that must be taken in designing and implementing the new messaging standard.

Responsibilities

A key outcome for this project is enhancing interoperability between both domestic payment schemes and international high value payment schemes. The Interoperability Working Group will be responsible for providing industry experience and technical advice to the Bank as it develops solutions for potential conflicts which may arise. The group will discuss, challenge and inform the Bank's decisions when managing trade-offs relating to the interoperability of the messaging standard. The group will review, in detail, the Bank's proposals for messaging schemas following the work of the Data Working Groups.

In doing so, this group will support the Bank as it writes the message schema incorporating the enhancements from the Data Working Groups. The work done by the SWIFT HVPS+ Working Group will provide the basis for the new standard¹. Informed by views from the Working Group, the Bank plans to run a consultation in spring 2018 to gather views from the wider industry. The Bank's final decision will be based on feedback from both the Working Group and the consultation.

Members are expected to represent the views of their constituency during meetings.

Objectives

The Interoperability Working Group will:

- Identify the additional data fields which will be required to support proposed enhancements;
- Determine how to structure the data within each field;
- Maintain proposals for the UK HVPS (High Value Payment System) that are aligned with the intentions of retail schemes in the UK and, where possible, on any emerging global instant payments developments;
- Review technical documentation that is developed for the new standard; and
- The Working Group will also consider the migration implications of any decisions it takes.

Outputs

- A complete set of messages and supporting documentation that will achieve our stated objectives for implementing ISO 20022. This will include:
 - A list of like-for-like fields common across domestic retail and international HVPS schemes; and
 - A break-down of data enhancements and views on whether these will be mandatory, conditional or optional as the implementation advances.

¹ For more information on the SWIFT HVPS+ Working Group please see: <https://www.swift.com/insights/press-releases/new-high-value-payments-systems-task-force-is-a-key-enabler-of-iso-20022-harmonisation>



Dates

Title	Date (indicative)	Duration
Interoperability Working Group 1	22 nd November	0.5 Days
Interoperability Working Group 2	14 th December	1 Day
Interoperability Working Group 3	10 th January	1 Day
Interoperability Working Group 4	8 th February	1 Day
Interoperability Working Group 5	7 th March	1 Day
Interoperability Working Group 6	18 th April	1 Day

Members

The interoperability group will be a small group of individuals. The member will require either a detailed technical understanding of messaging standards, of the data models common across the industry or payments business experience.

An invitation was sent to the payments industry, via the RTGS renewal programme's industry round up in September 2017, to register interest in attending the working group. Following this, the below attendees have been invited to attend the working group:

Stakeholder	Contact
CHAPS participants	RBS
	JP Morgan
	Barclays
	Lloyds
	CLS
	Citibank
	BNY Mellon
Non-CHAPS Banks	Metro Bank
Non-bank PSPs	WorldPay
	Mastercard
Retail Schemes (NPSO)	FPS
	Bacs
Payments UK	
SWIFT	
PSR	
The Bank of England	

Conflicts of interest

Members are responsible for identifying and declaring any conflicts of interest.



Changes to the membership

Changes to membership will be made by the Secretariat as necessary to support the Group's objectives. Membership is conferred on an individual, so it does not necessarily follow that departing members should be replaced by someone from the same institution. Members must inform the Bank if they are to send an alternate in the event they are unable to attend a meeting. The alternate must be in a position to review the material distributed in advance of the meeting and have the technical expertise to contribute.

Chair & Secretariat

The Working Group will be chaired by James Whittle. The Bank will provide the Secretariat, and take the minutes and record any actions.

Decision making

The Group is not a decision-making body for the RTGS Renewal Programme. Outputs from the Working Groups will be used to inform the Bank's decisions. The Bank will be transparent in its decision making process and will seek to share the reasons for its decisions as far as is practicable.

Frequency of meetings

This Group will run to Spring 2018 and will meet monthly. The Group may vary this timetable or hold extraordinary meetings on agreement with the Secretariat.

Papers and Minutes

The Bank will issue minutes no later than ten working days following the meeting. Minutes will record the full range of discussion within the Group.

Papers will be circulated at least four working days before each meeting.

Changes to terms of reference

These terms of reference will be agreed at the first meeting of the group on Wednesday 22 November. It is envisaged that they be updated throughout the project as necessary to support the Group's objectives and the successful delivery of RTGS Renewal. Any updates from members should be proposed via the Secretariat.



Principles for Good Interoperability

The following is a draft for consideration by the Group at the 15 December meeting. Order is no indication of priority.

The scope of what the Interoperability Working Group will address has been set at the development of the core UK credit message, and the creation of a framework in which to develop, maintain and enhance the messaging standard.

At the first Interoperability Working Group on 22 November it was decided that there needed to be a set of principles agreed that could be used to assess the outputs the Working Group will produce. These principles will help ensure that the implementation of ISO 20022 across UK payment schemes can reduce the barriers to interoperability.

As such, we believe the following should be maintained:

Principle 1

In all respects the first best outcome is to align the requirements of the high value payments message with those of the retail payment messages and vice versa.

- This will form the core UK credit message and is the cornerstone of the interoperable messaging standard.
- The group must seek to reduce the number divergences in the core message as far as possible, an example being routing rules.
- The core message will form a common subset of each implementation's messaging standard and must be based on the HVPS+ framework.
- This harmonisation should be extended to include the messaging flows in different schemes.

Principle 2

Where implementation specific differences persist (e.g. cycle number for an instant payment or matching cycle for a CHAPS payment) there must be no contradiction or conflict.

- There must be a consistent approach to differences in the messaging standard that will necessarily exist between schemes.
- For example, fields that are specific to a given implementation must not be used in another implementation for a different purpose.
- It is essential that any conflict is identified and addressed such that effective interoperating between schemes is not subsequently affected.

Principle 3

There must be processes in place to ensure that interoperability is maintained over time and as the standard evolves.

- The work of the Interoperability Working Group must remain cognisant of the future needs of the system, and ensure flexibility to changing system requirements. This will require open minded and ambitious design that does not seek to replicate and preserve the status quo.
- This will require a permanent governance structure to provide oversight of, and be accountable for, the continuing evolution of the standard.



Principle 4

There must be clear market practice guidelines to reflect the vision of the interoperable messaging standard.

- Adherence to these market practices will be taken up by the relevant organisations following implementation.
- Guidelines for use of the messaging standard will need to be technical to ensure implementation of said standard is consistent across participants and correspondents and as intended. This may also include key vendor groups or suppliers of relevant technology to participants.
- There should also be narrative guidelines that can be adapted for use by different stakeholder communities to ensure end-users of systems are aware of the specifics of what is required in the messaging standard. As they are often the sources/subjects of the data within a messaging standard it is essential we engage this group effectively.