

**Vendor Community Event
6 February 2018**

Royal Pharmaceutical Society, London

Today's Purpose

- An introduction to the New Payment System Operator (NPSO)
- Your input into the development of the NPSO and what it means to you:
 - how you want to be involved; and
 - how we can engage with you.

Please Note:

- *We cannot discuss any current procurement projects being run by Faster Payments and Bacs;*
- *Commercial considerations prevent us from talking about either of these procurement processes.*

Agenda

1. NPSO Purpose and Approach
2. NPSO Status
3. Working Session
4. Q&A

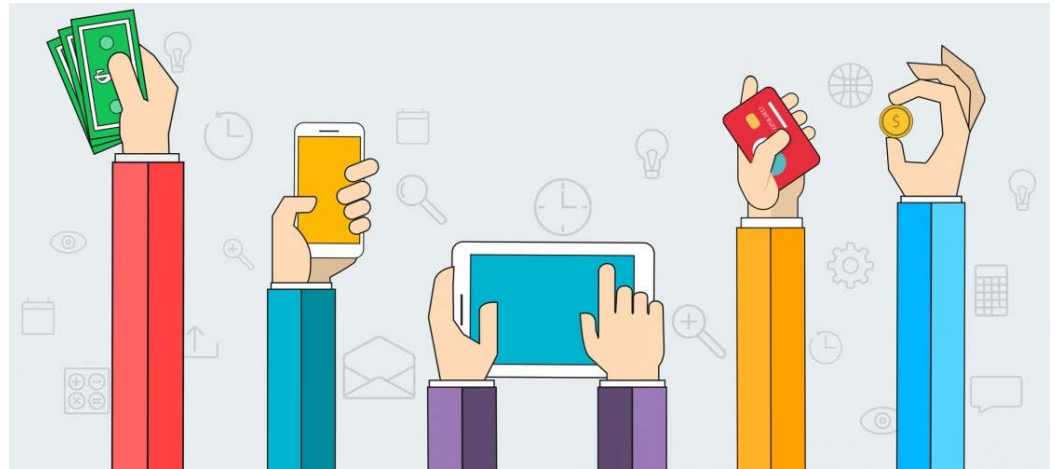
NPSO Purpose and Approach

Why was the NPSO formed?

In November 2016 the Payment Strategy Forum published *“A Payments Strategy for the 21st Century – Putting the needs of users first”*.

The strategy recommended creating a new payment system operator to:

- ✓ respond to End User needs;
- ✓ improve trust in payments;
- ✓ simplify access to promote competition; and
- ✓ build a new architecture for payments.



As a response to the Payment Strategy Forum (PSF), the Bank of England and the Payment Systems Regulator (PSR) established the Payment System Operator Delivery Group (PSO DG), to formulate a design and provide recommendations to consolidate the three existing schemes (Bacs, Cheque & Credit Clearing Company (C&CCC) and Faster Payments Service (FPS)) into the NPSO.

What is the NPSO's core purpose?



Enable a vibrant UK economy

by providing an open, resilient and competitive payments infrastructure

- Maintain trust in the certainty, integrity and security of our payments services (Robust & Resilient)
- Ensure the continued relevance, competitiveness and usefulness of the services we provide (End User Focused)
- Act as a catalyst for change in the payments industry (Agile & Innovative)
- Promote competition by supporting new entrants (Accessible & Collaborative)
- Ensure that our payments services remain economically efficient and sustainable for our stakeholders (Efficient)
- Attract and retain talented leaders and people who can deliver on our culture, principles and values (Excellent People)

Key Stakeholder Opportunities

EXISTING GUARANTORS (members)

- NPSO, as a single entity, will take an overarching view of the strategic development of products and services across the retail payments sector – for the benefit of all.
- NPSO will be more efficient: it will be able to ensure that there are no gaps or duplications across the payment schemes' products, either now or in the future.

PARTICIPANTS

- Choice of what services participants want to be involved in without additional overhead.
- Secure, open and easily accessible while adding value across the payments landscape.
- Our Participant Advisory Council will provide the opportunity to advise the NPSO Board on the general strategic context of payments.

REGULATORS

- Deliver the outcomes set for the market.
- Efficient and aligned with expectations.
- An organisation 'fit for purpose' for evolution.

END USERS (customers)

- Our top priority is to ensure complete continuity of all Bacs, Cheques and Faster Payments services.
- Positive evolution: Promoting change in order to make payments better than they already are.
- Our work will be customer-centric, with an End User Advisory Council created to ensure all sections of society have fair and equal access to payment services.

VENDORS



NPSO COLLEAGUES

- The people that work and will work for the NPSO are its key asset.
- Their drive, skill, knowledge and professionalism are key to its success.
- The NPSO provides great opportunities for all existing employees to play a part and help shape and deliver the UK's payments infrastructure of the future.

NPSO Status

NPSO Programme Phases

There are three phases to this programme:

1

Transition

- NPSO Limited set up
- NPSO handed baton for New Payments Architecture (NPA)
- People and stakeholders becoming engaged
- Initial preparation for NPSO operations
- FPSL, Bacs, C&CCC and UK Payments Administration (UKPA) become subsidiaries

2

Transfer

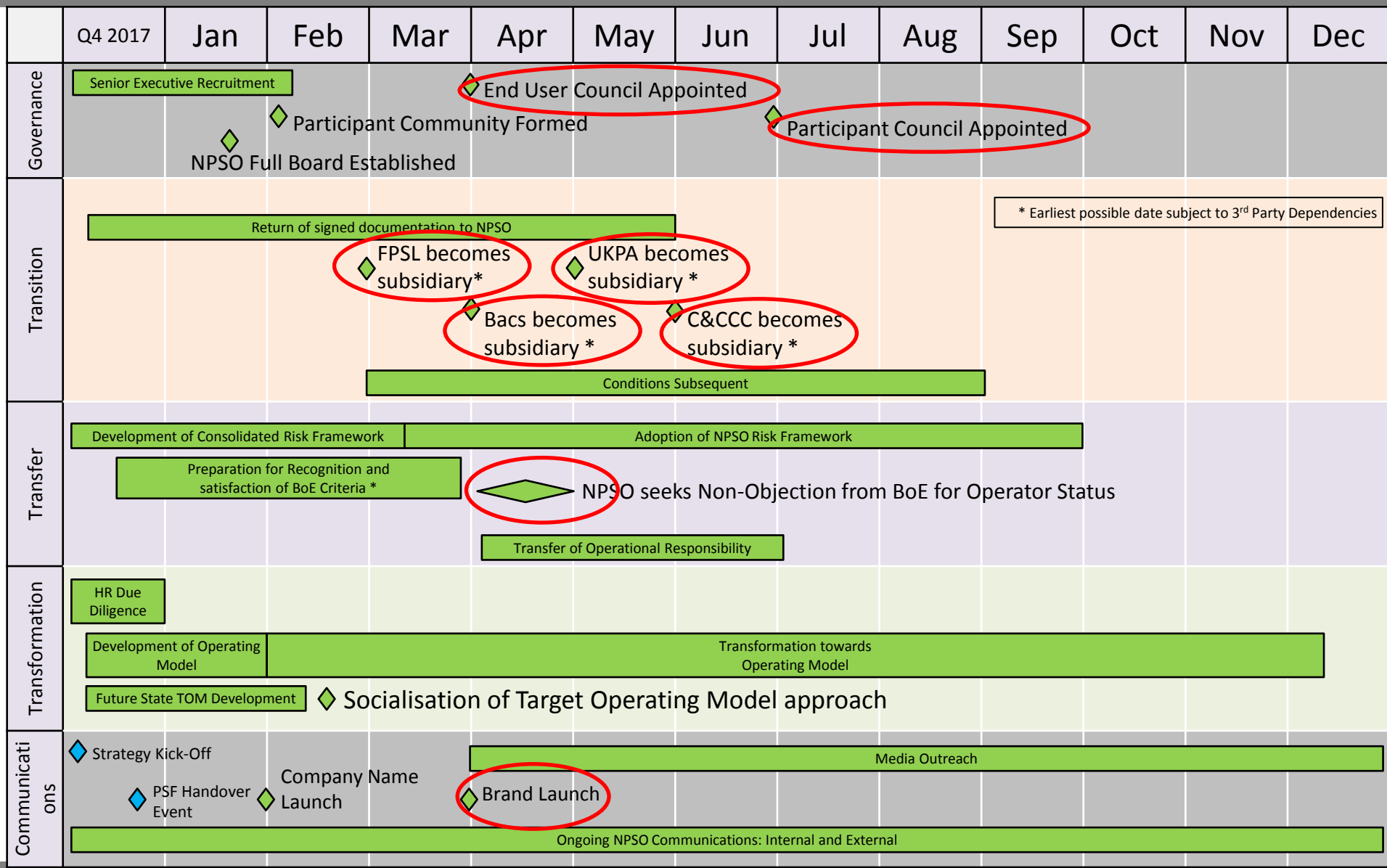
- NPSO becomes recognised as the system operator
- All working within one team with a common strategic framework
- Operating Model 1.0 – maintain stability and resilience in current operations

3

Transformation

- NPSO Limited ready to embark on Transformation
- Pursue strategic operating model

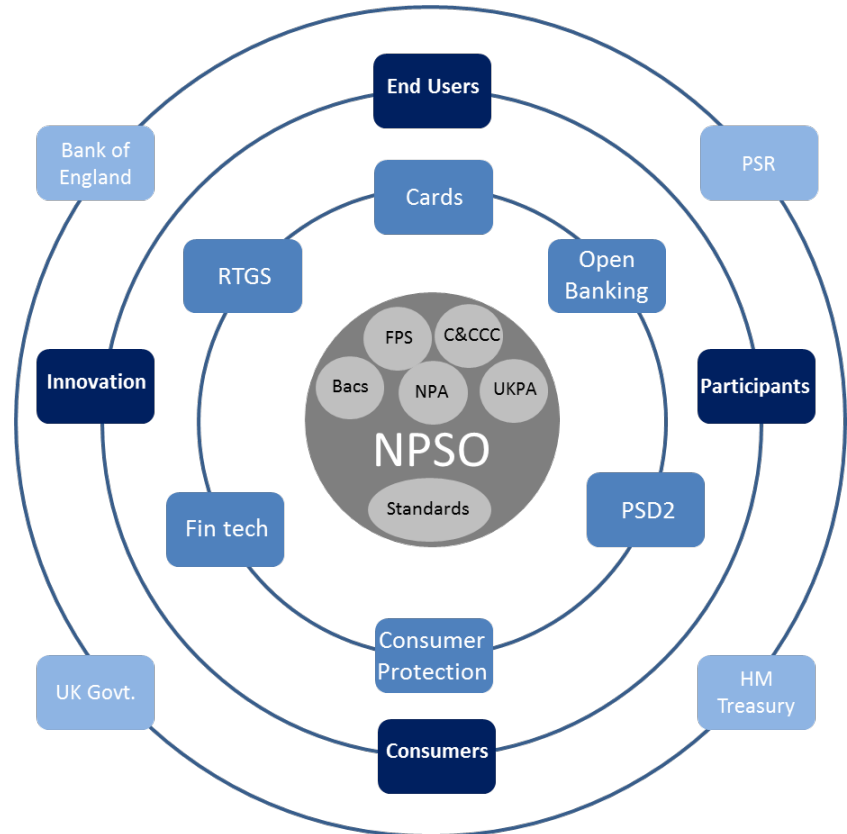
NPSO Programme - Milestones



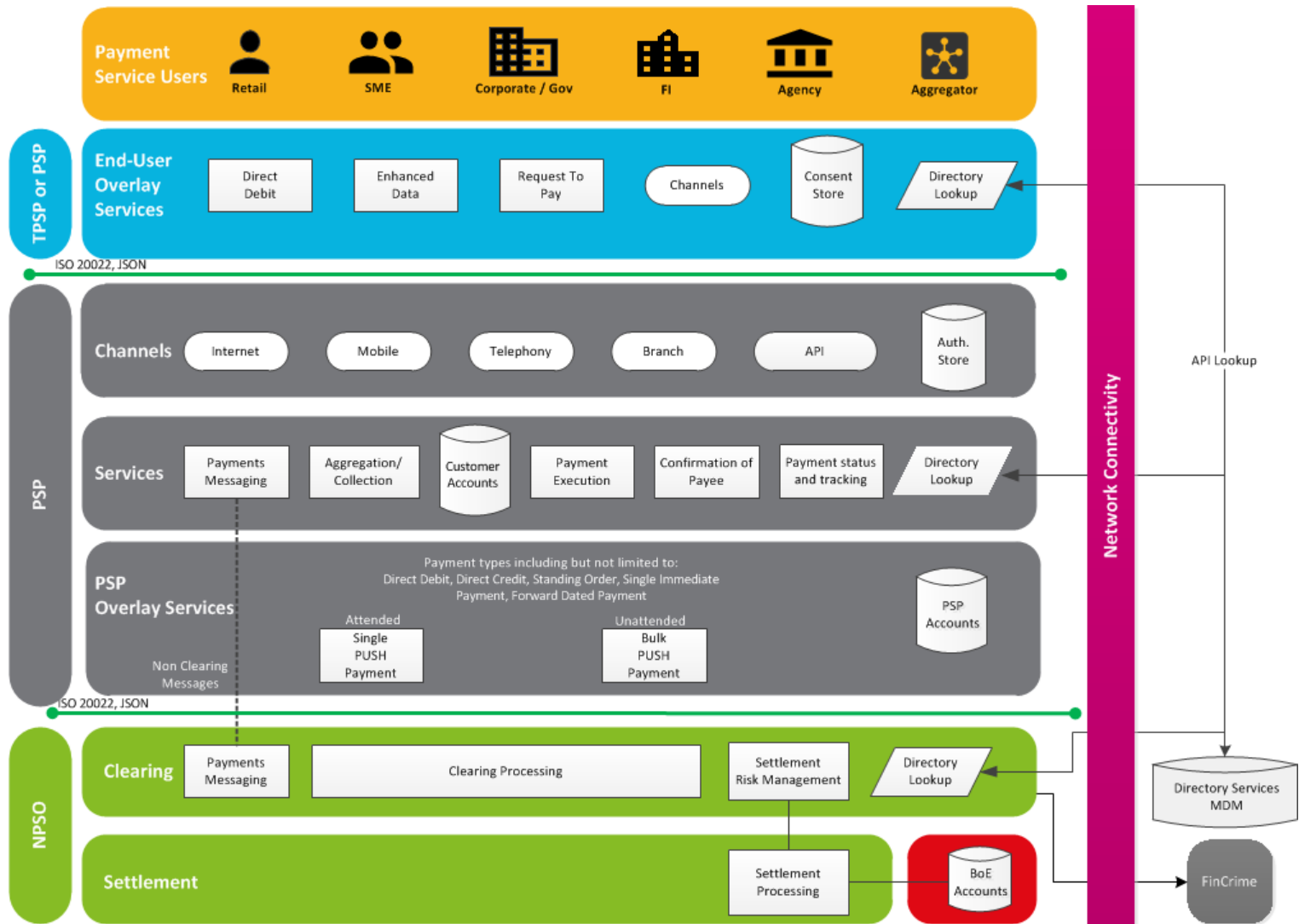
* Earliest possible date subject to 3rd Party Dependencies

Key Themes 2018

- NPSO Transition
- Open Banking
- Payment Services Directive 2 (PSD2)
- General Data Protection Regulation (GDPR)
- New Payment Architecture (NPA) Programme
- Confirmation of payee and other new overlays
- Financial crime



The New Payment Architecture (NPA)



Working Session

Briefing

- Discussion topics / questions have been placed on your table
- For the next 45 minutes please discuss a topic
- NPSO team will guide you and answer questions
- Capture your thoughts on the feedback paper provided
- Feedback will be shared for 10 minutes after your discussion
- **Please leave your workings on your table for us to collect**

Discussion themes

- How do we set a collaborative agenda with a competitive community?
- What discussion themes are important to you?
- What channels are best for us to use to continue an effective dialogue with the vendor community?
- How often should NPSO engage with the Vendor Group?
- Do you understand the aims and goals of NPSO?
- Is there anything you need to know to help your understanding?
- We are asking for your time to consider best practices. How can we reciprocate this?
- There are no financial advantages to participate in our Vendor Group. How can you benefit from your involvement?

Q & A

Thank you

For general questions about the NPSO, or to share any feedback on today's briefing please contact enquiries@newpso.uk

