



pay.uk

Participant Advisory Council Annual Report

2018-2019



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1. Introduction from the Chair



The Participant Advisory Council (PAC) operates as a non-executive advisory group for the Pay.UK Board. It advises, comments and makes recommendations on issues that are likely to be of current and future significance to participants in the payment systems.

The council ensures that Pay.UK understands the needs of the industry, listens to its challenges, identifies new opportunities and develops world-class payment systems.

The purpose of the council is to help improve the collaborative nature of the payments industry by representing the interests of participants and advising Pay.UK on the impact of its decisions on them. It advises on the likely future needs of participants to inform strategy as well as how Pay.UK identifies participant needs, its understanding of those needs and the way it addresses them in its work. It assists the organisation to find answers to participant challenges, ensuring an evidence-based approach. It also collaborates with the End User Advisory Council (EUAC) on its work.

Members of the council are appointed in a personal capacity because of their relevant experience and expertise, not as a representative of their organisation. Thus the purpose of their participation is to share their insight, not confidential information relating to their organisation or championing their organisation's interests at the PAC.

When recruiting for the council, in addition to ensuring members had the right level of expertise and seniority, there was also a commitment to secure representation from a full range of participant experiences, including:

- Large payment service providers (PSPs)
- Medium PSPs
- Small/Challenger/New-entrant PSPs
- Others (e.g. corporates, government, fintechs, foreign banks and other industry representatives)



In the three quarterly meetings since the first in July 2018, Pay.UK has informed the council of its progress and activity, asking for input and advice, while the members have also had the opportunity to direct the content and subjects of the meetings. This has led to rich and valuable discussions on subjects such as NPA¹ procurement, Pay.UK's relationship with Open Banking and the role of Pay.UK as a market catalyst and its developing role in the payments market.

The council has developed a relationship with the EUAC. We have agreed to share reports to the Pay.UK

Board with each other and plan further interaction for the future, particularly with regards to strategy.

Even in the short time since its inception, the role of the council has evolved as Pay.UK grows as an organisation. I am committed to ensuring that the key purpose of council meetings going forwards is for Pay.UK to listen to and digest the challenges and guidance from the members, which has already led the organisation to develop activities in accordance with this advice.

Jean-Yves Rotté-Geoffroy,
Chair, Participant Advisory Council

¹ The New Payments Architecture (NPA) will be the biggest change to the way payments are processed in the UK since the 1960s. It will ensure payments are safe while also encouraging competitive innovation and unlocking new business opportunities in everything from smarter uses of banking and payment data through to new services. <https://www.wearepay.uk/new-payments-architecture-programme/>

2. Strategic advice – The development of Pay.UK

a. Establishing Pay.UK's role in enabling innovation

Pay.UK is in an ideal position to support further changes in the payments ecosystem over the next ten years and beyond. Part of this includes fulfilling the remit from the Payments Strategy Forum to catalyse the market to simplify access for new participants and promote competition and innovation for the benefit of end users.

When and how Pay.UK chooses to act will be key. Intervening at the wrong time, in the wrong way could lead to unintended consequences, including the stifling of competition.

The organisation is developing a decision-making framework within its robust governance. This will include consultation criteria and financial, economic and competition analysis to inform any market activity.

Pay.UK approached the council to seek its input and expertise as to what the organisation's role should be in stimulating innovation in the market.

The council agreed that intervention in the market needs to be carried out carefully and appropriately. It advised that Pay.UK must ensure there is a commercial imperative for new propositions if participants are to take on the associated risks of innovation and drive adoption. The council also advised that innovation is only valuable if executed properly and if end users agree that it has made their lives easier.

Pay.UK will seek to incorporate the council's input as it continues to develop the framework and will continue to liaise with the council as it works to fulfil its role as a market catalyst.

b. Recommending criteria across all corporate KPIs

To help ensure it delivers its six strategic objectives (as set out in the Payment System Operator Delivery Group Report²) Pay.UK drafted a set of KPIs relevant to each objective (and sub-objective). These draft KPIs were brought to the council for its feedback.

The council provided a number of recommendations on specific KPIs as well as how KPIs should be developed and evaluated. This included conducting a gap analysis of the current state of Pay.UK's capability and where it wants to be in the future as well as including a risk analysis and tolerance with each KPI. The council also recommended KPIs should reflect specific accountability within the bounds of what Pay.UK could reasonably influence.

Following consultation with the council and with the EUAC, Pay.UK constructed a Design Checklist to guide the development of the KPIs.

² The PSODG was an independently-chaired body established by the Payment Systems Regulator (PSR) and the Bank of England in October 2016. It was set up to consider issues relating to the potential consolidation of the governance of three payment system operators (PSOs): Bacs Payment Schemes Ltd (BPSL), the Cheque and Credit Clearing Company Limited (C&CCCL) and the Faster Payments Scheme Ltd (FPSL). The New Payment System Operator report was published in May 2017. <https://www.psr.org.uk/sites/default/files/media/PDF/PSODG-Report-2017.pdf>

c. Pay.UK's relationship with Open Banking³

In February 2017 the Competition and Markets Authority published its Retail Banking Market Investigation Order⁴, which implemented a suite of remedial measures designed to improve service quality, switching and information for banking customers.

The Explanatory Note to accompany the CMA Order states that the Open Banking Implementation Entity will ensure that open banking standards and governance processes are maintained beyond the implementation of the last stage of the CMA remedies⁵. It will need to consider the most appropriate structures and process to ensure that the benefits of Open Banking for consumers are sustained and developed going forward.

One of the possible options that had been previously identified to meet these requirements is the transition of all, or part, of Open

Banking into Pay.UK. Following a detailed analysis conducted in 2018 by Deloitte, each organisation has a baseline understanding of how the other operates, including strategies, governance and finances. Pay.UK has also held discussions with Open Banking to identify any potentially compatible capabilities between the two organisations.

The further development and expansion of the Open Banking roadmap means that there is more of a divergence than convergence. The stakeholder and participant universe for Open Banking is considerably different to that of Pay.UK and this is impacting any obvious governance alignment.

As part of this ongoing process, Pay.UK discussed the product of initial exploratory talks with the Open Banking Implementation Entity, with the council. These discussions have looked at both potential alignment areas as well as areas of complication and those that are clearly outside of the Pay.UK mandate.

The council considered issues such as accountability, governance, standards and cost as well as areas of potential non-compatibility that would need to be closely examined before any possible transition could or should be considered.

Pay.UK will continue to liaise with the council as explorations between the two organisations continue.



³ <https://www.openbanking.org.uk/customers/what-is-open-banking/>

⁴ <https://www.gov.uk/government/publications/retail-banking-market-investigation-order-2017>

⁵ <https://www.gov.uk/cma-cases/review-of-banking-for-small-and-medium-sized-businesses-smes-in-the-uk>

3. Pay.UK programmes

a. Advising on the procurement process for the NPA Core

The backbone of the New Payments Architecture (NPA) will be a new core clearing and settlement layer, which will enable money to move every time someone pays a bill, a business pays its supplier, or a person sends money to someone.

The core clearing and settlement layer, which will take over the processing of more than £7 trillion of Bacs, Faster Payments and potentially cheque payments⁶ every year, is forecast for implementation after 2021.

Prior to the consolidation of Bacs and Faster Payments into Pay.UK, separate procurement processes to find the successor to each of these schemes had already begun. Pay.UK reviewed these projects in relation to the delivery of the NPA and requested that the council provide feedback to advise on next steps after the members raised a number of questions.

The council advised that all vendors needed to be given accurate and transparent information on expected dates for the procurement process to enable the mobilisation of internal resources, secure management authorisation and funding, and preserve their internal credibility as well as Pay.UK's. The council

suggested that a number of vendors were keen to take part in the process but required clarity on the situation following the communication on the launch of the previous procurement on 1 June 2018.

The council advised that work needed to be undertaken by Pay.UK around the formal procurement process and structure, with a focus on communicating the scope and timings of the project. These were deemed essential to maintaining market credibility.

Following this input and further consultation within the organisation, in October 2018 Pay.UK announced that the scope of the new procurement process would be the Core of the NPA.

These changes widened and enhanced the scope from the previous Faster Payments infrastructure procurement to include clearing and settlement of all of the UK's non-card retail payments, rather than just the real-time aspect of the infrastructure.

A procurement prospectus published by Pay.UK provided information on the organisation, the NPA, what is being procured and what is required from a strategic partner. It also included a detailed procurement timeline to give vendors the ability to plan for the new process.

b. Advising on NPA implementation timing

The council raised the subject of NPA implementation with Pay.UK. The council made it clear that, while plans are in place among participants, Pay.UK needs to take into account the significant impact on organisations where some change can be profound.

In addition to the implementation of the NPA, participants are making plans for the implementation of the Real-Time Gross Settlement (RTGS)⁷ renewal and banks need to move at the same pace to accomplish the changes required for both of these programmes. The council advised that a plan should be created that all banks will sign up to and that certainty around the dates for the NPA implementation will instil confidence among participants.

⁶ The inclusion of cheque payments will be dependent on an appropriate business case.

⁷ The Real-Time Gross Settlement (RTGS) service is the infrastructure that holds accounts for banks, building societies and other institutions. The balances in these accounts can be used to move money in real time between these account holders, this delivers final and risk-free settlement. A programme of work has been established to deliver a renewed RTGS service. As well as replicating the functionality provided today, the new RTGS service will deliver a range of new features and capabilities for payments and settlements between financial institutions.
<https://www.bankofengland.co.uk/payment-and-settlement/rtgs-renewal-programme>



4. Looking ahead

In its first year the council has provided strategic advice to Pay.UK as it develops as an organisation and incorporates the right practices to meet its strategic objectives. In addition the council has given guidance and recommendations on elements of the NPA Programme.

In the early meetings of the council, Pay.UK brought topics for discussion to the attention of the members. As the council developed, members have taken the opportunity to raise and lead on agenda points within meetings. These member-led discussions will be the focus of the council moving forward as it will give Pay.UK a clear view of what participants believe are the most important subjects to explore.

In the last 12 months there has been an increasing number of Pay.UK stakeholder engagement channels including the Participant Engagement Forum and the NPA Advisory Councils. This will enable the Participant Advisory Council to start to take a more long-term view with Pay.UK to advise on the development of the organisation as well as the products and services it delivers. This will include Pay.UK identifying and seeking the Council's views on industry themes to enable members to add value and provide critical, strategic advice to inform Pay.UK's decision making.

Participant Advisory Council Members



Jean-Yves Rotté-Geoffroy - *Chair*

Jean-Yves is an Independent Non-Executive Director of Pay.UK and Chair of the Participant Advisory Council. He has led procurement for some of the world's biggest brands and has extensive experience in post-merger value creation. After working on the external sourcing of innovation at P&G in the 1990s he joined InBev in 2002 as procurement director and later became part of the AmBev executive leadership team based in São Paulo. He then became Chief Procurement Officer at Cadbury and from 2011 until 2017 he served as Group Chief Procurement Officer at GSK.



Lana Abdullayeva

As Payment Innovation & Policy Director at Lloyds Banking Group, Non-Executive Advisory Board Member at MLROs.com and Member of the Participant Advisory Council at Pay.UK, Lana advocates for leveraging evolving regulation to improve end-customer experience, foster financial inclusion and prevent financial crime. Lana is also an executive sponsor of Inclusion and Diversity at Lloyds, championing various activities across the group.



Dave Allen

Dave is currently Managing Director, UK Branch Office for equensWorldline (the pan-European leader in payments and transactional services), having taken up this role in 2015. He has over 25 years' business and IT experience and has worked with all the major UK banks and many other financial institutions in both business development and delivery roles. Previous to his current role, Dave has held senior posts in VocaLink, Coopers and Lybrand, Logica, Wincor Nixdorf and other IT consulting companies and is also currently a founding partner at Charteris Consulting Limited.



Marcia Clay

Marcia is Senior Vice President, Market Development for Mastercard UK, Ireland, Nordics & Baltics. In this role she is responsible for developing and executing the Mastercard business strategy and development plans to drive market growth and performance. Previously, she managed key customer relationships at Mastercard. Before joining Mastercard, Marcia was Vice President, Client Development at First Data. Prior to this, she held a number of roles at American Express, leading new product development and marketing strategy with international market teams, expanding key industry relationships within the travel sector and developing the American Express card acceptance network.



Becky Clements

Becky is currently Director of Payments for UK Finance, delivering thought leadership on policy and working closely with the regulators in the UK and Europe for the good of the membership. She is also a member of SWIFT UK Board as an advisor and was previously Head of Industry Engagement at Metro Bank. Becky sat on the Payment Strategy Forum and chaired the Working Group for Implementation Planning for the New Payment Architecture. She was part of the Delivery group for the consolidation of the three Retail Payment schemes and has held non-executive Directorship positions for the New Payment System Operator (NPSO), Faster Payments Scheme, Payments UK and the Interim Trade Association.



Gillean Dooney

Gillean runs Barclays' Current Account & FX business, which includes responsibility for the firm's Open Banking programme. A New Zealander, she spent 15 years at American Express working internationally across a variety of business areas before joining Barclays in 2015 to run their insurance business and in 2018 moved to her current responsibilities.



Simon Eacott

As Head of Innovation and Business Development for RBS, Simon leads the payments customer centric innovation programme together with product / scheme responsibilities. Prior to this, Simon was Head of Design and Franchise Delivery leading teams to deliver transformational change to meet alternative state aid remedies with the European Commission and Her Majesty's Treasury following the decision to stand down the divestment of Williams & Glyn. Simon's current external responsibilities include being a member of the CHAPS Strategic Advisory Forum as well as having expertise in strategic change programmes, cash management sales, operations and product management.



Eddie Keal

Eddie is currently Client Executive Banking and Financial Markets UK, IBM. He is a long-term specialist in financial services with over 30 years of experience in the IT industry. He has worked in several sectors, including retail banking, life assurance, corporate and investment banking, post-trade securities services, payment cards and credit reference. He also has a keen interest in the roots of financial services in the UK, and their relationship with the social history of the country. His experience with IBM has taken him around the world with significant amounts of time spent in South Africa, Central and Eastern Europe and the major European economies.



Oliver Kirby-Johnson

Oliver is a partner at KPMG's Financial Services practice. Over the last 10 years his roles have included leading the UK industry delivery programme through public launch of the Faster Payments service, the SEPA implementation in a major bank, advising on implementation of instant payments in other countries and, most recently, as Program Director for the Australian New Payments Platform service, from initial mobilisation through implementation and public launch.



Jana Mackintosh

Jana is head of a new global Public Policy and Regulatory Affairs function at Worldpay. She is a competition economist with broad regulatory and policy experience in financial services having previously worked with a number of commercial organisations, regulators and competition authorities. Through her previous position at the Payment Systems Regulator she helped shape the development of payments regulation in the UK from the early stages into its current form. At Worldpay she is responsible for designing and delivering a high-level strategic policy programme and provides strategic insight and advice to the executive team and board. She represents Worldpay on a number of industry boards, including the Bank of England's RTGS Advisory Board.



Nick Masterson-Jones

Nick is a consultant at Charteris, where he provides services in the areas of expert witness, project and programme management, interim management, IT strategy and due diligence. He has been CIO of a range of organisations, including UK challenger bank Monzo, Western Union Business Solutions and Travelex. Prior to this Nick spent eight years at Vocalink as Managing Director of their Transaction Services business unit, covering Bacs and Faster Payments services.



Nick Middleton

Nick is the Strategic Payments Director at Virgin Money, where he is responsible for defining the strategy and underlying architecture required to support the bank's payments infrastructure. Nick brings 17 years of experience in the banking sector, working at TSB Bank, Nationwide Building Society, Lloyds Banking Group and RBS. Nick started his career as a developer, moved on to software architecture, project management and programme management.



Andrew Pearce

Andrew joined HSBC as Global Head of Payments in June 2017 from National Australia Bank where he was the Executive General Manager, Operations. He leads an HSBC payments team of more than 3,300 colleagues managing around 4.4 billion transactions a year. During nine years at National Australia Bank, Andrew led Customer Payments and Processing Operations for Personal and Business Banking, Collections and Fraud, Shared Services and Customer Contact Centres. A chartered accountant who has lived and worked in Australia, UK, Singapore and Hong Kong, Andrew founded an environmental start-up business in Australia before joining the banking industry.



Lars Trunin

Lars is the UK Product Manager at TransferWise, responsible for the movement of sterling to and from the United Kingdom. Most recently, he led the initiative of TransferWise joining Bank of England's Real-Time Gross Settlement (RTGS) system as the first Non-Bank Payment Service Provider and as a direct participant of the Faster Payments Scheme. Before TransferWise, Lars founded Raudwara, an Estonian publishing house, authored several best-selling books in mathematics, and worked with the Walt Disney Company on a strategic consulting project in Africa. He holds an MBA from Saïd Business School, University of Oxford.



Robert White

As Head of Payments for Santander UK, Robert was responsible for the services and strategy for the core payments infrastructure, including shaping a new domain vision. He also leads the engagement with industry on collaborative ventures, payment system operators and regulators in the UK and abroad. He has a broad experience of product and infrastructure development, including recently leading Open Banking and PSD2.

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