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Note to: National Payments Plan Consultation Response
Payments Council

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BACS SUBMISSION RE: NATIONAL PAYMENTS PLAN CONSULTATION EXERCISE

Introduction

Bacs is pleased to submit its views into the consultation exercise regarding the National Payments Plan (NPP). Bacs' member institutions and 'affiliates' have also been encouraged to consider the NPP and to provide their comments directly to the Payments Council. Therefore this submission is deliberately limited to those areas of the NPP directly related to Bacs' objectives and responsibilities.

Encouraging the use of automated payments

As indicated previously, Bacs supports in principle the pursuance of measures that could further encourage the adoption of automated payment methods by consumers and businesses. To this end, Bacs would be keen to play its part in any coordinated approach to consumer and/or business education or promotion, and can draw upon its ongoing awareness initiatives such as "Pay Me Direct" (www.paymedirect.co.uk). This campaign, established in cooperation with the 'Better Payment Practise Group' (www.payontime.co.uk), encourages small businesses to seek and make payment using Bacs Direct Credit. Bacs is also progressing projects that will have the effect of reducing further the usage of paper Bank Giro Credits by Bacs users for Direct Debit and Bacs Direct Credit related processes. Further work is planned in order to investigate the suitability of potential options to totally eradicate those residual Bacs-related BGCs that will not be addressed by existing initiatives (these mostly relate to inter-bank settlement for recalled payments).

Direct Debit

This is a key area of interest for Bacs and a supplementary consultation paper was issued to the Payments Council SME and Consumer groups in December – plus the Bacs affiliates – to promote feedback regarding potential options for changing the terms of the Direct Debit Guarantee.

Messaging Standards

In terms of NPP outputs Bacs would wish to see industry level guidance or a roadmap produced regarding progression towards the alignment of payment messaging standards. Such outputs would be especially beneficial to contracted schemes and members in light of the recently published EU Payment Services Directive requirements regarding provision of information to payment service users and the use of ISO20022 xml standards by SEPA payment schemes. Bacs is continuing with its own analysis regarding these topics and will of course share its views and intentions with the Payments Council through the appropriate channels.

SEPA

Whilst the UK remains a Sterling based economy the usage of SEPA schemes for UK-domestic transactions is likely to remain low. However, Bacs fully understands that there are some arguments for the UK's automated payment schemes to align their core principles and rules with those of the comparable SEPA payment schemes. Bacs has already conducted a 'Bacs / SEPA rules comparison' exercise with its members: the general conclusion was that, for the time being at least, the SEPA schemes have not yet evolved some of the richness of functionality that has been created over many years within the Direct Debit and Bacs Direct Credit schemes (e.g. the 'A' messaging services). Therefore, the future adoption of SEPA scheme principles and rules should not come at the expense of making the UK schemes less attractive to end users. In the meantime Bacs is pursuing initiatives to remove paper-based processes and consider partial alignment around Direct Debit scheme refund criteria (see earlier comments).

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