

**Financial Inclusion Policy**  
October 2009

# Policy ownership and applicability, maintenance and dissemination

1. The Policy is issued by and ownership vested in the Board.
2. The Policy sets out the Company's principles for addressing financial inclusion requirements in the Company's key projects. This has been developed in recognition of the need to ensure that the payment needs of disadvantaged sections of society are considered when existing payment methods are under review or new payment methods in development.
3. The Policy is applicable to and must be complied with by:
  - The staff of UK Payments Administration carrying out work on behalf of the Company
  - Member representatives operating both as Members and Directors of the Company
  - Independent Directors and Chairman of the Company

The Policy has been recommended as good practice to contracted payment schemes.

4. The Director of Policy is responsible for the maintenance of the Policy. The Policy will be reviewed periodically, no less frequently than annually.
5. The Director of Policy is responsible for the implementation of the Policy and its communication to all affected parties.
6. The Policy is a public document and will published on the Company's website.
7. The Director of Strategy will ensure compliance with the Policy as follows:
  - Ensure internal compliance with this document and the resolution of issues which may arise;
  - Ensure that Member representatives and Directors are aware of their responsibilities and that their compliance is monitored and deficiencies resolved;
8. The Director of Policy will ensure all breaches of and non-compliance with the Policy are reported to the Board of Directors and are investigated fully and correctly.
9. The Director of Policy will ensure that appropriate guidance on the requirements of the Policy is available.
10. Where relevant, the Policy will be supported by Company documented rules, standards and procedures.

# Financial inclusion policy

## Introduction

The purpose of this document is to specify a financial inclusion policy for the Company, which includes guidelines for how to consider financial inclusion issues for a proposed major payment system change, and criteria to encourage inclusive development of a collaborative payment innovation. The focus of the Policy is on changes to payment systems that impact on consumers. Business to business payments are out of scope.

## Guidelines to consider financial inclusion issues for a proposed major payment system change

A major system change might be the withdrawal of an existing service (e.g. if a decision was taken to close the credit clearing); or it might be a substantial change to an existing service (such as if there was a major change to the terms of the Direct Debit Guarantee).

Changing or taking away an existing payment method may mean that some users of that method are disadvantaged. The aim of the guidelines is to ensure that those users have been identified and accounted for in the analysis, the decision and any subsequent actions.

The way in which the guidelines below are applied should be considered on a project by project basis, based on the relevance of inclusion issues and the nature of the project.

- **Identify the potential effects of the system change on different groups of consumers**

Engage with stakeholders such as consumer representative organisations, HM Treasury and the Financial Inclusion Taskforce to consult on the process and the potential effects of the change. Where appropriate, direct consultation with users on the issue should be considered.

If the work is considering withdrawing a service, those users that are dependent on the service for particular purposes should be specifically identified in any cost benefit analysis undertaken. Consideration should be given to whether any special weight should be given to the costs/benefits to these users in the analysis.

Consider direct and indirect effects such as the impact on the services businesses offer to consumers, the payment options offered and, the impact on other payment systems, including cash.

Consider how the impact may differ depending on the process taken to make the major system change (for example, phasing out a service versus a 'big bang' end date when a service is withdrawn).

Acknowledge qualitatively any impacts which cannot be quantified.

- **Identify any effective actions which could be taken to lessen negative impacts of the change on vulnerable groups.**

Measures of protection against negative impacts should be identified and included in the cost benefit analysis and the recommendation to the Payments Council Board.

- **Take into account the needs of those users who may be affected by the change at the decision point**

Even where there is a positive cost benefit analysis for a major system change, if a significant group of users have been identified as dependent on the service, their needs should be considered as an argument against the case for change, unless effective actions to mitigate disadvantage has been identified.

- **Monitor the impact post implementation**

If a decision is made to make a major payment system change, the findings should be made public as part of the Payments Council's commitment to openness and transparency to facilitate public scrutiny of the change. Associated Market Research findings should also be made public.

Prior to implementation of the decision, trials should be conducted with those user groups identified as potentially disadvantaged, the impact monitored, and where necessary, the findings taken on board into the full roll out.

Following the implementation of the decision, the impact on financial inclusion should be monitored over time and reviewed at appropriate intervals. Where necessary, steps should be taken to lessen any negative consequences. The process of monitoring the impact should be agreed as part of the decision to make the change.



# Criteria to encourage financial inclusion when a collaborative consumer payment innovation is in development



An innovation in payments might be the introduction of a new payments service or a new way to access an existing payment service. Examples include the potential development of an account to account mobile payments service or the Faster Payments Service.

The aim of the criteria is to widen the design of potential innovations to meet the needs of as many users who would want to use the service as possible – including those with reduced capability or on the margins of banking – to maximise user benefit (over and above DDA compliance). This will encourage innovations to be developed in a financially inclusive way.

The criteria should promote and support innovation, and acknowledge that some innovations will not be relevant or of interest to some users. It is intended that an innovation could still be developed without meeting all the criteria, to ensure they do not stifle innovation. They will need to be considered in the context of the innovation and who would want use it.

## 1. Accessible

Indicators:

- Appealing and available to as many people who would want to use it as possible
- Available to individuals living across all UK regions, urban and rural areas
- Where appropriate, accessible through a range of channels to widen appeal and access

## 2. Easy to use

Indicators:

- Designed to allow for users' diverse physical abilities
- Information is designed to be capable of being understood by people with a range of abilities and where English is a second language

## 3. Promotes user control

Indicators:

- The innovation is transparent and predictable in its operation to the user
- Minimises likelihood of user error, fraud or abuse
- Designed to prevent those less experienced in using technology from making mistakes
- Reflects familiar technology
- Access to a record of payments made/received

#### 4. Adaptable

Indicators:

- Adaptable to changing needs
- Adaptable to specific needs not able to be included in the general proposition



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