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National Payments Plan: consulting on change in UK payments

Age Concern's response to the Payments Council

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About this consultation

The Payments Council was established in 2007 with an objective of leading the future development of co-operative payment services in the UK. It is now consulting on a draft National Payments Plan, which is intended to provide a framework for the development of payments in the UK over the next five to ten years. The consultation:

- invites views on improving market efficiency in the future development of payment systems, including cheques and the cheque guarantee card scheme, direct debits, credit cards, debit cards and cash machines
- what action should be taken, if any to support the development of new methods of payment, including contactless and prepaid cards
- issues relating to financial inclusion and financial education, payment system integrity and security, standards and payment costs.

Age Concern is the UK's largest organisation working with and for older people. Four national Age Concerns in England, Northern Ireland, Scotland and Wales and a federation of over 400 local organisations work together to promote the well-being of all older people. Our work ranges from providing vital services to influencing public opinion and government. Every day we are in touch with thousands of older people from all kinds of backgrounds – enabling them to make more of life.

The Age Concern England Policy Unit develops public policy proposals on ageing and older people with respect to England and UK-wide policy. We influence Government, public bodies and professional organisations by commissioning and undertaking research, responding to consultations, liaising with decision makers, holding policy events and developing partnerships with other organisations.

Most of our policy responses and summaries are available to download on our website: www.ageconcern.org.uk.

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Key points and recommendations

- Age Concern welcomes this consultation and supports moves to help people get the best out of new payment methods, provided that these meet the criteria of convenience, trust and low cost, and provided that there are alternatives that do not penalise those with particular needs.
- We agree that there should be a plan to manage the decline of cheques, but would not support the setting of a target date for the closure of cheque clearing without a full consideration of the alternatives available. Alternatives should include secure payment methods for people who cannot cope with PINs, or who are reliant on others to shop or collect cash for them.
- The Payments Council should work with the Department for Work and Pensions (DWP), as the agency responsible for benefit payments, to develop a consistent approach to developing new payment methods.
- The payments industry should work with retailers to publicise alternatives and help people to use them – not rely on those with special needs seeking them out. Getting to grips with new technology involves a cost to individuals and support systems, and this cost needs to be acknowledged and built into the programme.
- Credit clearing should not be withdrawn without more research on who uses the services, what alternatives they have, and the knock-on effect of the decline in cheque usage.
- The National Payments Plan should also cover access to cash and action to reduce financial abuse.
- Age Concern recommends that all current accounts should be accessible through post offices.
- To encourage greater take-up of direct debits, the Payments Council should pursue the recommendations of the House of Commons Treasury Committee.
- We do not support the introduction of a time-limited guarantee for direct debits, instead of the current unlimited guarantee.
- The Payments Council should look at all payment methods, including developing systems such as contactless cards and prepaid cards, to ensure that a consistent approach is taken to the market as a whole, and that innovation is not hampered by problems in one area.
- The Payments Plan should ensure that mobile payments are not developed to the exclusion of other alternative forms of payment – a range of alternatives is needed.
- The Payments Council should assess the impact of new standards or services on people with particular impairments, and people at risk of financial exclusion, and ensure that their needs are met.
- Consumers need clear and consistent information about services at the point of use, and the Payments Council should coordinate this work, and liaise with the FSA, the DWP, the Financial Inclusion Taskforce and other groups, including Age

Concern.

- The Payments Council should require members to test all new systems with people with a range of impairments, to offer a range of authentication methods, and to build time and consumer information into their introduction.
- It is vital that the Payments Council recognises the 'hidden' costs of change and fraud prevention that are borne by consumers, carries out research to quantify them, and builds them into any cost-benefit analysis, rather than basing decisions purely on efficiency savings to business.

1. Introduction

Age Concern welcomes this consultation on the National Payments Plan and supports moves to help people get the best out of new payments methods. Our research (see below) has found that many older people welcome developments in payment systems. However, payment methods have to be developed 'with the grain' of consumer needs, or they will not be taken up. In addition, the most 'efficient' option will not be suitable for all, and the system should build in alternatives that do not penalise those with particular needs. Key aspects that are likely to affect acceptability are:

- Convenience
- Trust
- Cost

Convenience

People's needs change over their lifetime. There is often a view that as people who have grown up with computers age, the problem of the technological divide will disappear. This is not necessarily the case. Health problems or lack of access will continue to mean that some who have previously used standard technologies will no longer be able to do so. Any National Payments Plan needs to acknowledge this, and come up with a range of options to meet all needs, rather than trying to squeeze individual needs down one particular solution.

Trust and security

Our research (see below) shows that a key driver for older people in choice of payment method is trust. However, this has two implications:

- trust can bring drawbacks if it leads to abuse. Older people are particularly vulnerable to financial abuse and opportunistic theft, for example, there were 12,750 distraction burglary crimes in 2006-07, and the average age of the victim was 81 (and these are recorded cases – there is likely to be considerable under-reporting).¹ Our information and advice workers encourage older people to use secure payment methods and to avoid keeping large amounts of cash at home. We believe that the Payments Council should work on the principle that there should always be alternative payment methods, in addition to cash.
- if banks become tougher about contesting fraudulent transactions on credit/debit cards they will find people reluctant to use new methods of money transmission – for example, one of our correspondents rang to say that she refused to use debit cards because a bank had held her liable for a fraudulent transaction. The diminishing acceptability of cheques was a serious problem for her.

Cost

Older people, like all consumers, should benefit from reductions in the cost of fraud and inefficiencies. However, there is a significant risk that in seeking to reduce costs for business, cost is shifted to consumers. Such costs are often hard to identify and quantify, but they will also have an affect on the acceptability of any new payment

¹ Home Office, *Crime in England and Wales 2006-07*

methods. If consumers are increasingly forced to use particular payment methods, any costs will hit the poorest hard.

2. Older people's experiences and attitudes

We carried out research in 2007 among middle-income pensioners (published as *Making the money last*). This found that many welcome new forms of technology that they see as more secure:

"I am happier with putting my number in now than with a card than when I just used to sign it" Male aged 75+

"I pay for my groceries with my debit card because it's about £50-£60 and I don't want to carry that amount of cash around with me" Male aged 75+

However while many are willing to get to grips with new technology, it takes time and support:

"I use the computer in the bank and it's great, but when I started I made an awful lot of mess and at one point I said to the lady (in the bank who was helping me) where's my money gone and she patted my arm and said oh bless you – I felt about this big" Male aged <75

"I'm not happy with it, I do it, I am never comfortable with it. It's remembering passwords and usually I get told something is wrong. It is remembering them. When you are in the account it's okay but it's the getting in. I feel physically sick sometimes when I know I've got to do it". Female aged 75+

And some cannot meet best practice in safeguarding their accounts:

"I use the same PIN number for everything otherwise I'd forget them all" Male aged <75

During 2007 we also carried out a small survey of 100 people to ask about attitudes to the decline in cheque acceptance. This was an online survey, not representative of the general public, which by definition was unlikely to reach those who have real difficulties with new technology. Even so there were some respondents for whom the loss of cheques was causing some problems. For example:

"Being elderly and hard of hearing means that it is much easier for me to conduct my affairs if systems remain the same or I can talk to someone in person." (Female, 85+)

"I find cheques are a safer way of paying for things because of all the problems with chip and pin fraud but most shops won't accept cheques now so I have to pay by cash which worries me." (Female, 65-74)

"Not happy to use plastic until I can be sure it is secure. A local garage has just been caught copying card information." (Male, 55-74)

Vulnerable consumers

In addition, there are some vulnerable consumers – of any age – who are faced with some monumental hurdles. One of our local Age Concerns referred the following case to us:

'C's carers buy her food at a major supermarket using a signed cheque. C has an agreement with the supermarket that they will countersign the cheque and that the carer can only spend up to £50. The supermarket has written to C to say that they no longer accept cheques so this arrangement will come to an end. They suggest 3 alternatives: 1) sending C's debit card with the carer but this would mean revealing the PIN 2) A 'chip and sign' card – but either C would need to be present or the carer would need to be given authority to sign which could be difficult if there are lots of different carers 3) Payment by cash – but as C now has her pension paid direct to her bank account, she has little access to cash.'

Another suggestion made was buying gift vouchers to give to the carer to pay for the groceries. Other options Local Age Concerns have explored include setting up subsidiary accounts with small amounts transferred to reduce the risk of fraud. However this sort of arrangement is presumably costly for the bank and not suitable where there are lots of different carers. Prepaid cards have a great deal of potential for this purpose, but the range of confusing and expensive charges could taint trust and acceptability.

This kind of practical problem has a serious impact on the lives of some. In practice, we are concerned that some people simply reveal their PIN and rely on their trust in the individual:

*'One older person explained that her local post office keeps a list of older people's PIN numbers so that they can access their cash.'*²

2. Cheques

Q1 The Payments Council is minded to develop a proactive industry plan to manage what it sees as the irreversible decline in cheques. Do you agree that a plan for cheques should be developed?

We agree that there should be a plan, provided that the plan makes specific provision for the needs covered in question 2 below, and always includes a choice of payment methods for all. However, there is much to be done to ensure that alternatives are available and we do not believe that the timescale proposed is adequate – see our response to Question 3 below.

In addition, it is vital that the plan has buy-in from major retailers, many of whom have already decided to stop accepting cheques. The Payments Council needs to be able to show that it can lead developments, rather than just respond to them.

² Age Concern, *Rural post offices are a lifeline and centre of the community*, September 2006

Q2 For which types of payment currently made by cheque do new alternatives need to be introduced?

Electronic payments and debit cards are acceptable alternatives for many people but do not meet the needs of the following groups:

- *those who can't cope with PINs, either because they cannot remember them or cannot use a PIN pad.* Although Chip and Signature may be an option for some, it is not adequately publicised. We were very disappointed that, in their response to the Banking Code Review, the banking organisations have undertaken only to require subscribers to inform new customers that they are available, not existing customers, and then only if the bank perceives a 'real need'.
- *those who are reliant on others to shop or collect cash for them.* If people have regular arrangements, it is possible to come up with solutions such as joint accounts, or second cards on other accounts – although this too can be problematic because of the need to guard against financial abuse. However, there is not, as yet, a satisfactory solution for people who are reliant on a number of different helpers. This a particular issue for local agencies that rely on volunteers, where it may be virtually impossible to guarantee the same volunteer at each visit. It is likely to be a growing problem due to demographic change and the government's current policy that more people with care needs should be supported to live at home instead of receiving residential care. The solution of last resort is often cash, but this increases the risk of financial abuse. Access to cash is also difficult for people with limited mobility or those in rural areas. Prepaid cards may be option, but at present the costs rule them out for most older people.

Common considerations also apply to the payments of state benefits, and the Payments Council should work with the DWP to develop consistent payment methods.

Q3 Would it be acceptable for the National Payments Plan to include a target date of 2018 for the closure of the cheque clearing (on the assumption that acceptable alternatives to cheques have been developed)?

We are concerned that a date is being proposed without any detail of the 'acceptable alternatives'. As stated above, the existing alternatives do not meet all needs, and although mobile payments, contactless cards and prepaid cards might meet some needs, they do not meet all. This is particularly the case for older people who have always used a paper-based system and who have had no reason to move to other methods. For example, more than two-thirds of people aged over 65 have never used the internet³.

³ National Statistics Omnibus Survey, August 2007

We note that the paper says that ‘the vast majority of users will no longer require cheques’. However the Payments Council needs to propose a fallback system for those for whom a cheque really is the most suitable method. As stated above, cash is not always the most suitable last resort.

Q4 What sort of education of users is needed to support the migration away from cheques?

A commitment to publicising new alternatives is needed across the payments and banking industry. A short-term centrally-run campaign is unlikely to be enough on its own – the message needs to get out through bank staff, retailers and other cheque recipients. This will involve training of staff.

The Payments Council needs to work with banks to publicise alternatives and help people to use them – not rely on those with special needs seeking them out. It should be noted that the smaller the number of people still using cheques, the more difficult it is likely to be to reach them, and older age groups might be the most difficult of all to reach. For example, the latest data from the financial inclusion taskforce shows that unbanked households are now concentrated amongst older people.

Finally, it is important to recognise that the costs of education do not fall on the industry alone. Getting to grips with new systems involves a cost to the individual too. Some will need support from agencies such as Age Concern and other advice agencies. Age Concern has played a role in the past in helping older people migrate to direct payment of benefits (see below) and we are pleased that the paper refers to learning lessons from this. Our experience is that some people will need considerable individual support, and this cost needs to be acknowledged and built into the programme.

Money Maze

In April 2003, the Government began phasing in the direct payment of benefits and pensions into bank, building society, or the new Post Office Card accounts. Order books and giro-cheques were to be discontinued and it was recognised that many people would need advice and help with dealing with the change. The DWP funded Age Concern Wirral, and then a further 40 Age Concern organisations, to run projects which ranged from simple information about the impending change, through to individual advocacy and advice. The projects ran to February 2006. The evaluation report included the following quotes from participating Age Concerns:

‘Many clients who wished to change to Direct Payment had got caught up in a system with no clear pathway when things went wrong. We helped many clients overcome what were in reality fairly minor obstacles. We found that many clients were not on appropriate benefits and helped them to claim their correct entitlement.’

‘Through the publicity and activity generated, not only did older people gain more income, particularly in an area of deprivation, but access to other services. It contributed to reducing social isolation.’

‘Service users responded well to having face-to-face meetings with advocates. Those who had been confused and fearful felt empowered. They told us of other problems and we were able to help.’

Q5 Do you agree that, as part of the National Payments Plan, there should be an objective review of the future of the Cheque Guarantee Card Scheme?

Yes.

Q6 What other actions, if any, should there be in the National Payments Plan in relation to cheques?

We would like to see a full analysis of the alternative options available to individuals in particular situations, and in particular people reliant on casual carers. For example, 345,800⁴ households received local authority funded home care in a survey week in 2006, and an unknown number paid for care privately.

Q7 Do you agree that, as part of the National Payments Plan, there should be an objective review of the future of the paper credit clearing?

We would be extremely concerned if this and similar services were to be withdrawn, without more research on who uses the services, what alternatives they have now, and the knock-on effects of a continuing reduction in the acceptability of cheques. For example, if utility companies refuse to take cheques, credit clearing might be the only possible alternative for people who for one reason or another cannot use debit cards (because of an inability to remember passwords for telephone transactions, perhaps). Credit clearing is still extremely important for older people. For example, 56% of older people use their local post office to pay bills⁵. A great advantage of the service is that the form, already completed, can be handed to someone else to take to the post office.

Q8 The Payments Council believes that the National Payments Plan should be developed on the assumption that cash will remain a major payment method for the foreseeable future. Do you agree?

Yes. Research for the Financial Inclusion Taskforce⁶ shows that there are still 1.30 million unbanked households (1.97 individual adults), of whom around half a million households are 60 and over. Although the numbers of unbanked in the older ages are falling, the fall is slight - around 1% to 2%. The report comments that *‘This research has repeatedly found that older people, particularly those who live alone, are more likely to be excluded from financial services, and that this is likely to be a result of a preference for managing in cash.’*

Q9 Should the issues of the supply and quality of notes and coin in circulation be within the scope of the National Payments Plan? If so, how should they

⁴ Laing and Buisson, *Care of elderly people market survey 2007*

⁵ Age Concern, *Rural post offices are a lifeline and centre of the community*, September 2006

⁶ Financial Inclusion Taskforce, *Second annual report on progress towards the shared goal for banking* September 2007.

be addressed?

The supply of notes and coins is clearly an issue for older people on low incomes, who need small denomination notes and coins. It would be helpful to have this considered within the National Payments Plan.

Q10 What other actions, if any, should there be in the National Payments Plan in regard to cash?

The National Payments Plan should also cover:

- *Access to cash* – if cash is to remain as a fallback, the Plan should produce a co-ordinated industry response to the problem of access to cash. Although the ATM Working Group has recently published a useful report on free ATM coverage, access to cash through post offices and other local outlets is an extremely important source for older people. For example, 43% of older people use their local post office for access to cash.⁷ Age Concern recommends that all current accounts should be accessible through post offices.
- Action to reduce financial abuse. The Plan should also include an ‘impact analysis’ of the risk of financial abuse for each alternative payment method. For example, what security features are built into prepayment cards that might them make a safer alternative to cash?

Q11 What improvements would lead to the greater take-up of direct debits by users?

We refer the Payments Council to the report of the House of Commons Treasury Committee *Banking the unbanked*⁸, which included evidence such as:

The inflexibility of direct debits, and the associated charges if there are insufficient funds to cover a direct debit, are a major reason why people on low incomes do not wish to use transactional banking.

The Committee’s recommendations included the following:

- *We encourage other banks to explore these approaches or apply similar leeway such as not imposing charges for the first three times that direct debits are unpaid. There is broad agreement that a small penalty free buffer zone of £10 can help low-income households manage their commitments and avoid the charges and hassle associated with failed direct debits.*
- *There is a compelling case for establishing a formal dialogue between the banks and utility companies to consider the extent of demand for weekly direct debits and how such demand might be met. We expect the banks to agree proposals for improvements to the direct debit system so that payments could be triggered by*

⁷ Age Concern, *Rural post offices are a lifeline and centre of the community*, September 2006

⁸ House of Commons Treasury Committee “*Banking the unbanked*”: *banking services, the Post Office Card Account, and financial inclusion*, Thirteenth Report of Session 2005–06

money coming into the account, although we note the complexities of the issues involved.

- *Direct debits are currently unattractive to many people on low incomes. We believe there is a need for discussions between utility companies, banks and the Government to consider what improvements could be made to the direct debit system and whether an improved method of bill payment could be developed.*

The Payments Council should pursue these recommendations.

Q12 Would you support the introduction of a time-limited guarantee for direct debits in place of the current unlimited guarantee?

No. As stated above, it can be a struggle to increase the take-up of direct debits, and a time-limited guarantee is likely to make this even harder.

Q13 If so, what time limit do you think would be appropriate?

We do not think a time limit is appropriate at the present time.

Q14 What measures to improve the accuracy and end-to-end delivery of reference information, with internet and telephone banking payments and with other direct credits, could usefully be introduced?

No comment.

Q15 Are there any other enhancements you think should be made to direct credits?

The paper mentions 'improved education of users'. Consumers need clear information about services at the point of making a choice, but we counsel against putting too much emphasis on education. It is not realistic to be able to get over more than a few key messages, or the 'noise' of competing messages will become counter-productive.

Q16 What opportunities would you identify to exploit the ATM infrastructure for non-cash transactions? How should these be reflected in the National Payments Plan?

No comment.

Q17 Which other, if any, actions should there be in the National Payments Plan in relation to credit and debit cards and cash machines?

No comment.

Q18 What improvements should be made to the way in which payments in the wholesale markets are carried out?

No comment.

Q19 What should the Payments Council do to ensure that users in the UK can take best advantage of SEPA?

Q20 What issues does SEPA raise for your use of payments?

Q21 What improvements should be made to cross-border payments?

Foreign remittances are very important to BME groups in the UK, as a way of supporting family overseas. Payments overseas are also very important for British pensioners living abroad who experience similar issues to BME groups in sending remittances. We would be grateful if the task force could keep us informed of any relevant matters and ensure that issues facing retirement migrants, an increasing number of whom are experiencing acute financial difficulties, are also taken into account.

Q22 What measures to enhance users' efficiency should be considered by the Payments Council?

No comment.

Q23 Do you agree that at the present stage of market development the contactless and prepaid card sectors are best left to initiatives from individual payment service providers and the card schemes?

No. Prepaid cards, in particular, could be useful for older people who need an alternative to cash as a way of paying carers. However, currently the variation in the way the cards work, and the wide range of possible charges, is extremely confusing for consumers and could sour this developing market. We believe that the Payments Plan should look at all payments method in the round and that it can do this without hampering innovation. For example, a change in one part of the market might be contingent on developments elsewhere.

Q24 What support, if any, could the National Payments Plan offer to the development of contactless cards? In particular, is further action needed to ensure that the standards for contactless cards meet the needs of all sectors of users?

Q25 What support, if any, can the National Payments Plan offer to the development of prepaid cards?

We acknowledge the steps that APACs has already taken to encourage best practice, but a standard method of price disclosure is urgently needed so that competition can work effectively in this developing market.

Q26 What role should the Payments Council play in the development of mobile payment services, including setting the standards for mobile payments?

Q27 In particular, do you agree that the National Payments Plan should support the development of mobile payment services between bank accounts?

Q28 What principal characteristics would users find attractive in a mobile payment service?

Q29 What role do mobile phone payments potentially play in providing alternatives to traditional forms of payment?

Q30 What other actions, if any, should there be in the National Payments Plan in regard to mobile payments?

Mobile phone payment may be a useful alternative for some older people, but not for those who do not have the income or support to access new forms of technology (which often require frequent updating), or for those who have difficulty with keypads. The Payments Plan should ensure that mobile payments are not developed to the exclusion of other alternative forms of payment. It is vitally important that a range of alternatives is developed.

The Payments Council should ensure that any new standards or services developed around all forms of new technology are compatible with variants developed for people with particular needs, such as mobile phones developed for people with limited dexterity.

Q31 Do you agree that the Payments Council should indicate support for the work of the European Commission Steering Committee on e-invoicing and associated activity, including the development of international standards that facilitate supply chain efficiency?

No comment.

Q32 What role should the National Payments Plan play in moving this agenda forward?

No comment.

Q33 What other actions should be included in the National Payments Plan?

No comment.

Q34 What other payment innovations requiring action at industry level should be considered by the Payments Council?

No comment.

Q35 What gaps are there in current financial educational initiatives in regard to payment matters?

We acknowledge the work that APACs and other bodies have done to inform consumers of changes in payments matters, such as cheque clearing times. However, consumers also need information at the point of using a particular system. It is not always clear what system is being used, how it works, and what the limitations are. For example, a telephone/internet banking account may use direct

debits for inter-account transfers and people who are used to the concept of direct debits to pay regular bills may find it difficult to understand how the same system applies to both.

This matters because, as the Treasury Select Committee found, people are often reluctant to use services where they fear a loss of control. As stated above, there is a limit to how many educational campaigns an industry can run. However, if the Payments Council wants to encourage a particular form of technology, it will need to ensure that the payments industry puts over a consistent message at the point of use. This is one reason why we believe that the direct debit guarantee is important – the same clear, consistent message is put over by all users.

Q36 What role can the Payments Council play in promoting the education of consumers about the choice of payment methods available to them? What other bodies should it work with to deliver this role?

The Payments Council is in a good position to co-ordinate decisions on which messages are important, and how to put them over – it may not be necessary for it to run educational campaigns itself. The key ‘disseminators’ of information should continue to be the banks, card companies, retailers and other organisations with whom consumers have direct contacts, but the Payments Council should also coordinate work with organisations such as the Financial Services Authority (as it leads the National Strategy for Financial Capability), and with other organisations such as the Personal Finance Education Group (which works with young people).

We would also urge the Payments Council to work closely with the DWP, as many similar issues arise in the delivery of benefit payments, particularly for older people.

Age Concern is also keen to play our part in helping older people to get the best out of payment systems. Local Age Concerns already play a big role in helping older people to set up direct debits, for example.

Q37 What role can the Payments Council play in promoting financial inclusion?

The Payments Council should assess the impact of each element of the draft Payments Plan on financially excluded consumers. It should commit itself to ensuring that there are sufficient alternative payment methods to meet their needs. Meeting the needs of excluded groups should be built into the development of standards.

Q38 What other bodies should it work with to deliver this role?

The Payments Council should work with the Financial Inclusion Taskforce in engaging financially-excluded consumers, but it should also work with other organisations representing people with disabilities and carers, and with bodies developing standards.

Q39 What are the main challenges to the integrity of payment systems that need to be addressed collaboratively?

No comment.

Q40 How should consideration of measures against fraud be included in the assessments which the Payments Council makes of proposals for innovation?

No comment.

Q41 How can the National Payments Plan assist with issues of customer authentication? To what extent do these need to be addressed across the payments sector?

We are pleased that the Payments Council recognises the importance of ensuring that security measures are acceptable and manageable, and do not increase financial exclusion. Authentication can be a major problem for people – of any age – with physical or cognitive impairment and is a significant deterrent to the use of new systems. The Payments Plan will need to balance the risk of fraud with the aim of encouraging consumers to use the most efficient payment method.

However, a system that is difficult for a customer with one impairment may be easy for another with a different impairment, and we would like to see alternative authentication methods built into all systems at outset, giving consumers the choice of methods. We are extremely disappointed that the Banking Code, for example, will only require banks to tell people about chip and signature if the bank perceives ‘a real need’ – yet counter staff may have no idea what the individual’s needs are.

The Payments Plan should require members to test all new systems with people with a range of impairments, to offer a range of authentication methods, and to build time and customer information into their introduction.

Q42 Should minimum standards be introduced for authentication of remote transactions? If so, should a common measure of authentication be recommended/mandated?

As suggested above, we have concerns that mandating common measures could exclude some customers. However, the Payments Plan should require members to take into account the difficulties with authentication faced by customers who are supported by other people, such as carers or family. They need secure ways to authorise other people to carry out transactions on their behalf, which limit the risk of financial abuse.

Q43 How should the National Payments Plan address new technologies, such as biometrics, which may contribute to customer security?

No comment.

Q44 What actions, if any, should the National Payments Plan include in regard to data sharing?

No comment.

Q45 How can the National Payments Plan help ensure that the burden of fraud prevention is shared equitably across payment service providers and users, including SMEs?

The Payments Council should ensure that the cost of fraud prevention borne by individuals is recognised. For example, problems with remote authentication might require an individual to pay for a taxi to go shopping in person. Encouraging mobile payments might require individuals who would not otherwise have bought the relevant technology to incur the cost of purchase. This sort of individual cost is difficult to quantify, with the risk that only easily-measurable costs (e.g. the cost of fraud) are taken into account. The Payments Council should develop a methodology for recognising such costs.

Q46 What role should the Payments Council play in raising the profile of fraud and security issues and in lobbying government and the public authorities?

The Payments Council should be careful to ensure that its ability to coordinate a wide range of different bodies is not compromised by any lobbying.

Q47 What should be the role of standards in the National Payments Plan? Are the current principles as agreed by the Board a suitable base from which to start? What role should the Payments Council play in influencing international standards developments?

It is important that the Payments Council ensures that it influences any standards that are likely to be adopted on a wide scale, even if they do not have statutory force.

Q48 What, in particular, should the National Payments Plan say about messaging standards?

No comment.

Q49 Would you support an initiative, led by the Payments Council, to establish a better understanding of the costs of UK payments? If so, how do you think this should be taken forward? What supporting information do you think would be relevant for such an exercise?

Much of the debate is inevitably driven by cost – for example, the decline in the use of cash. However, the reduction in cost to business may be accompanied by significant cost to consumers, which is often hidden and difficult to quantify (see Q45 above). Agencies that support consumers in adapting to change – such as local information and advice agencies – may also incur significant cost. It is vital that the Payments Council recognises these costs, carries out research to quantify them, and builds them into any cost-benefit analysis, rather than basing decisions purely on efficiency savings to business.