

Section 3: Efficiency

3.1 - Cheques and the Cheque Guarantee Card Scheme

<p>Q1</p>	<p><i>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?</i></p>	<p>Standard Life would welcome a managed withdrawal of cheques as a payment mechanism in the UK. We are already actively reducing its cheque volumes. As the reduction in cheque volumes in the UK gathers pace, with 2007 declines being in excess of 10%, a well-managed exit strategy is required to give the UK time to adapt and fill any gaps in its payment infrastructure. It also gives the general public time to adjust to the change, in a similar manner to the managed withdrawal of analogue television. We believe the removal of cheques offers a number of benefits to the UK:</p> <ul style="list-style-type: none"> ○ Due to the production, transportation and processing of the paper involved in the cheque process, removal of the cheque process has significant environmental benefits. ○ Cheques are an inefficient payment method for the vast majority of transactions. (This is already leading to a number of organisations withdrawing it as a payment method). ○ Infrastructure costs will remain static causing a rising of the cost of transactions, which will be disproportional biased to those left accepting this payment method. ○ Fraud – The advancement of printing facilities available have made cheques a weak point in fraud prevention in the UK. Replacing this with a more secure payment mechanism is vital.
<p>Q2</p>	<p><i>For which types of payment currently made by cheque do new alternatives need to be introduced?</i></p>	<p>Standard Life believe there are two areas where there is a gap in the current payment infrastructure:</p> <p>1) Single, high value payments, (in excess of £10,000), from an individual where CHAPS is an expensive option and the creation and content are not in the payer/payee's control, leading to reconciliation issues. Issues with current payment types:</p> <ul style="list-style-type: none"> ○ The processing timescale for Direct Debit is too long ○ Credit cards are potentially very expensive and may not be allowed for legal reasons ○ Debit cards do not have standards with regards to acceptable upper limits for card acquirers. In addition, the Maestro scheme does not facilitate manual callbacks. This means this is not acceptable as a method for replacing cheques for high value single transactions. ○ Immediate Payments has a £10,000 limit. <p>2) A mechanism for the SME community, (e.g. plumbers), needs to be adopted/created to deal with lower value face-to-face transactions. This could be an existing payment mechanism via a new portal, e.g. immediate payment via Mobile phone.</p>
<p>Q3</p>	<p><i>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)?</i></p>	<p>Yes, ten years is a suitable timeline. However, there needs to be an early drive to remove the majority of cheques in circulation for this to be a success.</p>

Q4	What sort of education of users is needed to support the migration away from cheques?	<p>- What the suitable alternative mechanisms are and how they work.</p> <ul style="list-style-type: none"> ○ E.g. how the DD guarantee works and when it is applicable ○ What are the controls in operation on a transaction type to safeguard the general public? ○ Why companies offer certain types of transactions and the benefit to the general public in using these. <p>- Need for correct referencing in any payment to allow payers identification. Payer needs to make required referencing explicit. The need for the reference to be more clearly marked and possibly standardised will help.</p> <p>- Cost/environmental impact</p> <p>- Managing their money</p>
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 – as CGC is usually linked with debit card, it would increase debit card usage. The removal of the guarantee will help in the managed phasing out of cheques.
Q6	What other actions, if any, should there be in the National Payments Plan in relation to cheques?	<p>People should be made aware of the cost to business and environment in terms of this type of transaction (i.e. paper, transportation and distribution).</p> <p>The cost to certain elements of the economy has already seen some organisations withdraw it as an expectable form of payment.</p>

3.2 - The Credit Clearing

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?	<p>Yes – there will be no need for this if the cheque payment option is removed. Current corporate users will need to be educated to allow migration to a more suitable electronic mechanism.</p> <p>Some thought needs to be given to the small number of transactions when cash is used with a credit-clearing voucher. These are likely to be people without Bank Accounts and the move to prepaid cards etc; will need serious consideration and planning.</p>
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3.3 - Cash

Q8	<i>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?</i>	Yes. Whilst prepaid cards and contactless cards may have an impact on the levels of cash transacted, cash will still have a major role in the purchase of smaller items. However the long-term goal should be to reduce cash transactions significantly. Cash will still be the main choice if a person's access to other value holding devices is lost due to theft etc.
Q9	<i>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 be addressed?</i>	Yes. A major issue is around what is legal tender, and this needs to be standardised across all UK countries/issuers. The design of notes also needs to be standardised, (allowing scope for relevant branding by an issuer). The myriad of designs is confusing for the public and increases the opportunity for fraud.
Q10	<i>What other actions, if any, should there be in the National Payments Plan in regard to cash?</i>	Consideration of the cost of copper coinage – is it efficient to produce and bank 1p and 2p coins?

3.4 - Direct Debits

Q11	<i>What improvements would lead to the greater take-up of direct debits by users?</i>	<ul style="list-style-type: none"> ○ Reduce the 3 day cycle <ul style="list-style-type: none"> ▫ Improve single direct debit process and timescales to allow it to fill the void for high value, one off transactions in a low cost environment. The existing BACS infrastructure for rejection and amendments adds significant value to this. It is the delay in set up and collection which causes issues and unsuitability to replace cheques ○ Simplify: <ul style="list-style-type: none"> ▫ Guide the public to a single method of stopping the direct debit process. To provide the most benefit to the public this needs to be at the bank, (which could be done self-service); once an originator has sent the file for collection the only route for action is at the bank. Therefore it would make sense for all cancellations of DD instructions to be from the bank. This would give the individual the guarantee that the cancellation is complete. ▫ simple/clear guarantee. The current wording does not state, in simple terms, the rights of the bank account holder, what an originator can/ cannot do. What to do if there is an error. ○ Remove paper completely from the direct debit process. <ul style="list-style-type: none"> ▫ All originators to be AUDDIS, no paper direct debit instructions to be sent to the banks. ▫ Indemnity process to be electronic, including settlement via the ARUDDS process with its own reason code. ▫ All rejects via ARUDDS. ▫ All amendments and cancellations via ADDACS. ○ Current rules state that all BACS items must be modulus checked before submission. The rules should be extended to remove the items as currently the items can be sent to BACS, even though the originator knows they will fail.
Q12	<i>Would you support the introduction of a time-limited guarantee for direct debits in place of the current unlimited guarantee?</i>	<p>Yes.</p> <ul style="list-style-type: none"> ○ Currently originators can have no certainty over direct debit collections. A pension product can collect premiums over 50 years and it is completely impractical to expect companies to hold the data for this period. In addition, banks do not need to hold the paper direct debit for an indefinite period of time, which makes proof of set up impossible. ○ The current unlimited guarantee does not fit with the EPD, SEPA and the legal need for companies to keep data beyond 7 years. Keeping direct debit data indefinitely is not practical, especially for the larger originators who process tens of millions of items per year. ○ Also there should be some onus on all individuals to check their bank accounts. Especially with the rise of identity theft and fraud.
Q13	<i>If so, what time limit do you think would be appropriate?</i>	<p>13 Months. This is in line with the period after which banks make an unused direct debit instruction dormant and provides the account holder over a year to review their account.</p>

3.5 – Direct Credits:

Q14	<i>What measures to improve the accuracy and end-to-end delivery of reference information, with internet and telephone banking payments in addition, with other direct credits, could usefully be introduced?</i>	<ul style="list-style-type: none"> ○ Reference <ul style="list-style-type: none"> ▫ <i>With Direct Debit, there is no concept of roll number. This must be extended to Direct Credits. Currently if an Agency Bank requires a roll number there is no space for the originators own reference. The use of roll numbers is an added field, which needs validation. There are few roll numbers, which have modulus checking which means there are more opportunities for errors, which does not help the originator or the beneficiary.</i> <p><i>Current rules state that all BACS items must be modulus checked before submission, but the originator can still send these items to BACS adding rejections into the payment process. The rules should expand to remove the items failing modulus checking from actual transmission to BACS.</i></p>
Q15	<i>Are there any other enhancements you think should be made to direct credits?</i>	<ul style="list-style-type: none"> ○ <i>Reference field must be populated, compulsory. Current referencing on direct credits is inadequate and leads to substantial reconciliation issues for those receiving them.</i> ○ <i>Central referencing database so banks can provide data to customers who want to pay by direct credit or immediate payment.</i> ○ <i>If standards for file formats change to SEPA XTML format then more reference data is available to benefit both the payee and payer.</i> ○ <i>Remove paper completely from the direct debit process.</i> <ul style="list-style-type: none"> ▫ <i>All rejects via ARUCS.</i> ▫ <i>All amendments and cancellations via AWACS.</i>

3.6 – Credit cards, debit cards and cash machines

Q16	<i>What opportunities would you identify to exploit the ATM infrastructure for non-cash transactions? How should these be reflected in the National Payments Plan?</i>	<ul style="list-style-type: none"> ○ <i>None. As the ATM exposes its users to external harassment any further expansion of the ATM functionality needs to be sympathetic to the safety of the users.</i> ○ <i>Provision for self-service internet usage within the branch is a more realistic proposition.</i>
Q17	<i>Which other, if any, actions should there be in the National Payments Plan in relation to credit and debit cards and cash machines?</i>	<ul style="list-style-type: none"> ○ <i>Currently there are difficulties in taking large one-off transactions by Debit Card in a Customer not Present environment. This significantly limits the ability of the current debit card infrastructure to take over from cheques for large transactions.</i> ○ <i>The need is for standardised upper limits for Debit Cards. Currently, higher value transactions are failing due to the card issuers having differing ceiling limits. This makes it impossible for it to be a possible replacement for the cheque. The benefit to the UK is that the collector controls the process. This ensures that the reconciliation process runs smoothly. This is to the benefit of all parties in the transaction.</i> ○ <i>For face-to-face transactions the debit and credit cards should carry the photograph of the owner.</i> ○ <i>There should be a standard credit card infrastructure across Europe.</i>

3.7 – CHAPS and the Wholesale Markets

Q18	<i>What improvements should be made to the way in which payments in the wholesale markets are carried out?</i>	<ul style="list-style-type: none"> ○ <i>As with direct credits, CHAPS transactions can cause reconciliation issues for those receiving them. An enforceable standardised referencing system for CHAPS would be an improvement. The idea of a centralised reference system could be extended to CHAPS, Immediate Payments as well as Direct Credits.</i> ○ <i>There are no rules regarding the requirement to modulus check bank details. Given that these items will be immediate and high value, the need for enforced modulus checking will ensure efficiency for all parties.</i>
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3.8 – SEPA and Cross-Border Payments

Q19	<i>What should the Payments Council do to ensure that users in the UK can take best advantage of SEPA?</i>	<ul style="list-style-type: none"> ○ <i>Education should be centrally issued, rather than leaving it to the banks who are a profit-making establishment not an education institution. If the bank does not have SEPA capability its customers will be unaware.</i> ○ <i>Currently companies in the UK do not know of these developments. They are unaware of the potential cost savings and trade expansion into Europe.</i> ○ <i>The cost of currency conversion will also be an issue, and access to commercial rather than tourist rates must be rolled out, even for lower value transactions.</i> ○ <i>Failure to adapt to this new opportunity will disadvantage the UK companies trading within Europe, as they will still be using high cost practices.</i>
Q20	<i>What issues does SEPA raise for your use of payments?</i>	<ul style="list-style-type: none"> ○ <i>There will be the requirement for more companies to open euro accounts and understand the options available to them for currency conversions. Also this will mean added accountancy complications in dealing with multiple currencies.</i> ○ <i>It allows procurement of goods and services to be conducted on a truly pan European scale.</i>
Q21	<i>What improvements should be made to cross-border payments?</i>	<ul style="list-style-type: none"> ○ <i>Standardised referencing and standard characters for reconciliation purposes and understanding.</i>

3.9 – Measures to enhance users' efficiency

Q22	<i>What measures to enhance users' efficiency should be considered by the Payments Council?</i>	<ul style="list-style-type: none"> ○ <i>Remove paper from all electronic processes</i> ○ <i>Remove the cheque as a payment option</i> ○ <i>The key to efficiency is:</i> <ul style="list-style-type: none"> ▫ <i>Data entering into the payment process must be clean. Modulus checking and payee identity is central to this. Garbage in, Garbage out.</i> ▫ <i>The existing file standards do not allow for the current referencing complexities.</i> ▫ <i>The banks should have standards for what data is presented to its customers on the bank statement so payers will have certainty that their customers all receive the same message.</i> ○ <i>For the large corporates the referencing is key to ensure customer's monies are correctly treated. It is the treating of exceptions, which adds the expense. Ensuring that referencing is included and if possible validating that reference as it enters into the payment infrastructure.</i> ○ <i>Education – the UK populace do not understand why companies try to shepherd them towards certain payment types. If they understood how the processes work and the benefits, potential pitfalls and associated costs they can make an informed choice. As more payment types are added to the UK's portfolio the chance for confusion and inefficiency is increased. Simple language in explaining the choices and processes to the UK populace is key along with proper educational links for living in the UK.</i>
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Section 4: Innovation

4.1 – Contactless and Prepaid Cards

Q23	<p><i>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?</i></p>	<p>Yes.</p> <ul style="list-style-type: none"> ○ <i>However, as with other payment types there is a need for rules and governance to protect all parties to the transaction. Allowing the private sector to shape the process should ensure all parties can drive forward the development.</i> ○ <i>When a central body tries to drive change it often loses site of all of the interested parties. This has been evident with Immediate Payments where the requirements of the receiving parties have been largely ignored. E.g. there is the need and cost of new data feeds, new processes to deal with out of hours payments, accountancy issues re timing, the increased difficulty in managing a corporate's cash flow and cash management. Also the UK populace will receive this service for free so they will expect banking transactions to them to be real time as well, adding to the cost base of corporates and the complexity of running the business.</i> ○ <i>Also the receiver has the choice to accept the payment type when it is created or not.</i>
Q24	<p><i>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?</i></p>	<ul style="list-style-type: none"> ○ <i>Set up the governance framework</i> ○ <i>Ensure that adequate fraud prevention measures are central to the process.</i>
Q25	<p><i>What support, if any, can the National Payments Plan offer to the development of prepaid cards?</i></p>	<ul style="list-style-type: none"> ○ <i>Set up the governance framework</i> ○ <i>Ensure that adequate fraud prevention measures are central to the process.</i>

4.2 – Mobile Payments

Q26	<i>What role should the Payments Council play in the development of mobile payment services, including setting the standards for mobile payments?</i>	<p>Governance only, ensuring there are rules governing the transaction type. The industry will progress the development of new technology. This may be facilitated by the payments council.</p> <p>Re Mobile payments</p> <ul style="list-style-type: none"> ○ The development of mobile payments poses a number of issues for the industry: <ul style="list-style-type: none"> ▫ Increases the potential for fraud; ▫ Increases the risk of theft of phones; ▫ Increases reconciliation issues as there is a greater potential for mistyping account numbers and reference numbers; ▫ Unlikely to have the ability to send money back in the case of incorrect payments, leading to an increase in administration time for payment receipts. ○ The payments council should have an active role in ensuring such issues are addressed. Also as with contactless and pre-paid cards, it should be left to the private sector, except for governance and ensuring anti-fraud.
Q27	<i>In particular, do you agree that the National Payments Plan should support the development of mobile payment services between bank accounts?</i>	<ul style="list-style-type: none"> ○ No. Why concentrate on mobile phones, there are other gateways available, e.g. Digital Television. The delivery medium should be irrelevant; it is just a mechanism of delivery. ○ Current “payments” via mobile phones are in fact just adding transactions to a customer’s bill. The bill is settled using existing payment mechanisms such as direct debit.
Q28	<i>What principal characteristics would users find attractive in a mobile payment service?</i>	<ul style="list-style-type: none"> ○ To manage their accounts real-time. ○ As a mechanism for holding contactless card data.
Q29	<i>What role do mobile phone payments potentially play in providing alternatives to traditional forms of payment?</i>	<ul style="list-style-type: none"> ○ None. It is a delivery mechanism, not a payment type. ○ It may bring banking transactions into the home environment and offer an alternative to the internet.
Q30	<i>What other actions, if any, should there be in the National Payments Plan in regard to mobile payments?</i>	<p>None – Its suitability and acceptance will be determined by its ability to meet then needs of its users.</p>

4.3 – Supply Chain

Q31	<i>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?</i>	<i>Yes. Agree that setting of standards in this area is of key importance.</i>
Q32	<i>What role should the National Payments Plan play in moving this agenda forward?</i>	<i>Utilise its existing forums to look at the supply chain and link to the provision of payments.</i>
Q33	<i>What other actions should be included in the National Payments Plan?</i>	<i>None</i>

4.4 – Other Innovations

Q34	<i>What other payment innovations requiring action at industry level should be considered by the Payments Council?</i>	<i>None.</i>
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Section 5: Other Issues

5.1 – Education in Payment Matters

Q35	<i>What gaps are there in current financial educational initiatives in regard to payment matters?</i>	<p><i>There is no real structured education on finance in the UK. Education on payment types should be linked to budgetary education so that we develop a well-rounded understanding of the whole process. This will help people with regard to debt management and social inclusion. It will allow the UK to become more efficient which will benefit all. Customer choice must come from an educated viewpoint in terms of process, cost and environmental impact.</i></p> <p><i>As the majority of personal bank customers in the UK essentially see their banking as ‘free’ they have no concept of the actual “cost” of the different payment methods they use.</i></p>
Q36	<i>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?</i>	<p><i>Work with the government to embed the need for “life” education including fiscal and the payments process. This needs to start at school. There is also the need to educate the rest of the UK populace to kick start the changes in attitude required to embed efficiencies, new transaction types and drive forward social inclusion and better debt management. If people really understood direct debit a lot more people could benefit from a cheaper cost of living.</i></p>

5.2 – Financial Inclusion

<p>Q37</p>	<p><i>What role can the Payments Council play in promoting financial inclusion?</i></p>	<ul style="list-style-type: none"> ○ <i>The Payments council must concentrate on its main aims and objectives, the payments architecture and process for the UK. What will help social inclusion is education at the grass routes level on budgeting and the payment process, which I mention earlier. Moving people from pre-paid meters for utilities to direct debit would free an element of their income and be advantageous for the supplier.</i> ○ <i>Suppliers will move away from inefficient practices which is their commercial decision, this may further exclude certain elements of society. Driving forward efficiency will come from commercial reasons and trying to balance the needs of efficiency and social inclusion will not be possible.</i>
<p>Q38</p>	<p><i>What other bodies should it work with to deliver this role?</i></p>	<p><i>The Social Inclusion Task Force.</i></p> <p><i>The Payments Council must put forward the needs of the whole of the UK's payment needs and the needs of the UK as a whole must win through. Whilst social inclusion is an issue, it is a governmental issue. They need to accelerate their inclusion and not slow the expansion and efficiency to bring them into inclusion.</i></p>

5.3 – Payment System Integrity and Contingency

Q39	<i>What are the main challenges to the integrity of payment systems that need to be addressed collaboratively?</i>	<p><i>There are a number of challenges:</i></p> <ul style="list-style-type: none"> ○ <i>Availability - Payment systems must be reliable and have proper continuity plans. Where there is a centralised architecture, the continuity is vital, as these will be prime targets for terrorism due to the impacts on the UK.</i> ○ <i>Data security - Given recent scandals surrounding consumer bank/card details being lost by various institutions. The industry has a long way to go to provide assurance to consumers that their data is being stored and transmitted in a secure manner. Governance of the individual payment architectures must address the need for proper control over customer's data.</i> ○ <i>Proper delivery of payment infrastructure developments. Taking Immediate Payments as an example, the lack of consultation with the large volume institutions has led to inappropriate timescales to allow the automated processing of the new standing order feed and immediate payments received throughout the day. This means that the industry is unlikely to be willing to promote Immediate Payments.</i> <ul style="list-style-type: none"> ▫ <i>The likely knock on impact will be to consumers whose payments will not be processed as efficiently as they would have been if they had been made by BACS for example. In addition, the impact on the large corporate with regards cash management and efficiency has been ignored. The general public will expect corporates to make payments immediately, which will not be practical.</i> ▫ <i>Banks will offer personal customers this payment method for free. Corporate customers will be charged to receive the transaction. It is more expensive than BACS so increases the cost base. Corporate customers have not been given the option to opt out of receiving these transactions. The project concentrated on delivering the core architecture with the banks and not on its impact on the UK. VOCA, during BACSTEL IP migration, learned that they had greatly underestimated the impacts changes can make on the large corporate user. Immediate Payment has done the same.</i>
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5.4 – Fraud and Security

Q40	<i>How should consideration of measures against fraud be included in the assessments which the Payments Council makes of proposals for innovation?</i>	<p>One of the key points for consideration in all developments and innovations should be security and fraud prevention. Fraud is also a huge challenge for existing payment processes and this must not be overlooked. Thinking only of innovation rather than existing process will lead to potential issues as technology advances.</p> <ul style="list-style-type: none"> ▫ Cheque fraud is increasing as software and printer developments make it easier to replicate. ▫ Counterfeit bank notes and coins are again an issue. <p>Centralised fraud prevention is vital on electronic payment processes. Account number and sort code validation is not sufficient identification. It must be extended to name, date of birth and any other static data. Bringing a central validation process will add confidence to adoption of new payment innovations.</p>
Q41	<i>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?</i>	<p>Governance over the commercial providers.</p> <ul style="list-style-type: none"> ▫ Who and what data is available. Approved suppliers ▫ How to make it available to all. ▫ Approved supplier's lists as per BACSEL IP. <p>Authentication must be at the heart of all aspects of the payments landscape. As frauds become more sophisticated, the UK must be able to react.</p>
Q42	<i>Should minimum standards be introduced for authentication of remote transactions? If so, should a common measure of authentication be recommended/ mandated?</i>	<p>Yes and this should be mandatory and governed. It will also drive efficiency into the process. It will help drive financial crime out of the UK infrastructure and allow existing processes to be expanded to cover higher value items, e.g. debit card.</p> <p>It also should evolve to meet the needs of the UK as financial crime adapts to bypass the controls.</p>
Q43	<i>How should the National Payments Plan address new technologies, such as biometrics, which may contribute to customer security?</i>	<p>Biometrics has been investigated by the banks for access into their internet portals. Put bluntly, the main issue with biometrics is that for iris recognition, finger prints etc you do not need the rest of the individual. Biometrics can only be used for face-to-face transactions. The holding of biometric data will need to be central and not on third party data storage, (e.g. chips on credit cards).</p> <p>If the national identity card becomes a reality, this may be used as a further check on customer security.</p>
Q44	<i>What actions, if any, should the National Payments Plan include in regard to data sharing?</i>	<p>Governance and standardisation will be vital with regard to data sharing given recent high profile losses of data.</p>

<p>Q45</p>	<p><i>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?</i></p>	<ul style="list-style-type: none"> ○ <i>Standardisation of access to data will allow all participants to benefit.</i> ○ <i>Adding ID photographs to debit and credit cards will benefit SME in face-to-face transactions.</i> ○ <i>Additional verification of data for remote transactions could be added to bank internet portals and will need to be made accessible to SME community.</i>
<p>Q46</p>	<p><i>What role should the Payments Council play in raising the profile of fraud and security issues and in lobbying government and the public authorities?</i></p>	<ul style="list-style-type: none"> ○ <i>A review of existing payment transaction processes should be undertaken to ensure they are fit for purpose.</i> ○ <i>The need for education on the potential fraud types for all.</i> ○ <i>The Payments Council should form a bridge from the users to the government to ensure clear messages and issues are passed through.</i>

5.5 – Standards

Q47	<i>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?</i>	<ul style="list-style-type: none"> ○ <i>Efficiency of the payment process and the adoption of new processes will require standards to be built.</i> ○ <i>In addition, to combat fraud, clear standardisation is key.</i> <ul style="list-style-type: none"> ▫ <i>Standard layout of bank notes regardless of issuer.</i> ▫ <i>Cheque size and antifraud features.</i> ○ <i>As shown by the SEPA debate there is the need for active participation. The Payments Council should ensure that the right elements of the UK participate in the debate so that the UK is adequately represented.</i>
Q48	<i>What, in particular, should the National Payments Plan say about messaging standards?</i>	<ul style="list-style-type: none"> ○ <i>The older UK payment standards do not address the current needs of the UK to drive through further efficiencies.</i> ○ <i>SEPA is delivering new standards and the UK should look to these as a benchmark. However, this should be done with due consultation and education. Given the extended referencing available, this will need to be managed to ensure it provides benefits and not added confusion.</i>

5.6 – Payment Costs

Q49	<p><i>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?</i></p>	<p>Yes</p> <ul style="list-style-type: none"> ○ <i>The need for governance around the charges/transparency within the payments industry</i> ○ <i>The understanding of costs, both fiscal and environmental, is vital to drive efficiency. In addition, evolution of existing payment types needs to be based on valid cost benefits. e.g. the cost of settlement by cheque of returned direct credits is unknown.</i> ○ <i>To obtain all of the relevant information, the Payments Council needs to obtain information from all relevant parties:</i> <ul style="list-style-type: none"> ▫ <i>Payment authorities, standard recharge tariff.</i> ▫ <i>Banks. Added costs in processing.</i> ▫ <i>Large corporate, SME and the general public. Reconciliation costs, handling paper and exception/ rejection processing.</i>
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