EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS CHEQUES & CHEQUE GUARANTEE CARD SCHEME	BARCLAYS RESPONSE
1. The Payments Council is minded to develop a co-ordinated industry plan to manage what it sees as the irreversible decline in cheques. Do you agree that a plan for cheques should be developed?	Yes – A clear transparent national industry plan would address consequences of the decline in cheques usage seen since 1990. This is forecast to continue and a timetable is required to manage the decline, in relation to: • Businesses managing the impact on their operations; • Preparing consumers to find alternative arrangements, many of which already exist; • Supporting those vulnerable consumers with greatest difficulty, e.g. the elderly and infirm. • The Industry planning further product and service developments to be used as substitutes for cheques; • Positioning the UK to mirror similar changes in other European countries, such as Netherlands, and the Scandinavian countries, where cheques have been withdrawn through improvements to electronic payments and government approved pricing incentives; • Enabling banks to focus on other innovative and integrity priorities, and extending financial inclusion.
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)?	The UK is upgrading its payments infrastructure to modern, more economically efficient platforms for FPS (Faster Payments Service). Extending this to the cheques' infrastructure with imaging and truncation, or simply retaining outdated, inefficient payments infrastructure beyond the end of its useful life amount to billions of pounds. These significant costs are ultimately borne by business users and retail consumers and represent a deadweight cost to the UK economy that could be avoided. Setting a reasonable and realistic date for eventual closure of cheque clearing in the UK is therefore an important public policy issue that needs to be fully analysed before a decision is taken. We therefore recommend that the payments industry, in discussion with HM Treasury and OFT, commissions an objective expert cost benefit analysis of the options facing the UK in terms of termination of cheque services and makes recommendations for optimal timescale from an economic perspective, with further recommendations on how the needs of vulnerable consumers and small businesses could be met during the transition period.
For which types of payment currently made by cheque do new alternatives need to be introduced?	Alternative products will be required to ensure: • Individuals, tradespeople, schools, clubs and associations etc, are able to securely and easily make and receive payments in the future. • Cheques are also used for credit card settlement, dividends, insurance claims, and cross border where payee bank details are not held by the payment issuer. • Anecdotally, customers still resist giving their account details to third parties even though they do so when handing over a cheque.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
What sort of education of users is needed to support the migration away from cheques?	• Education around internet and IVR telephone banking alternatives, and in relation to any new alternative payment mechanisms. This should include the risks associated with identity theft, security of other methods of payments, and how certainty of payment can be achieved by using debit card. • Also basic financial capability skills need to be developed among consumers to improve their day-to-day money management skills.
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. Barclays supports the position of the Cheque Card Management Committee that there should be a review of the scheme, with a view to an agreed but orderly withdrawal of the scheme in the near future (2-3 years). Of critical importance will be satisfying the concerns of small businesses who are currently the main beneficiaries of the scheme. The rump of cheques transactions are increasingly made in the context of a trusted relationship between two parties known to each other, without the benefit of a Cheque Guarantee endorsement.
What, if any, other actions should there be in the National Payments Plan in relation to cheques?	• Work with user groups and research consumer attitudes and reasons for cheque usage, why they prefer not to use alternative methods. • Contrast the lower fraud & environmental costs of e-payments • Recognise the need for innovation. There is a gap in the Person-to-Person (P2P) and Person-to-Small Business (P2B) market which needs plugging with a next generation payment mechanism before cheques can be withdrawn.
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	BARCLAYS RESPONSE
THE PAPER CREDIT CLEARING	
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?	Yes – It will be necessary to combine the review of the cheque clearing with that for the paper credit clearing, as the two are inextricably linked. This will also need to include Agency banks and their customers, using the Inter-Bank Agency Arrangements.
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS CASH	BARCLAYS RESPONSE
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. Cash has a unique position in the payments market, as it is the only public sector owned payments mechanism; other payments instruments are commercially owned (i.e. they are 'products'), and as such outside of the control of public authorities. In many instances consumers do not perceive there is a viable alternative to cash - particularly for person-to- person payments. Assuming the continued existence of cash, it would be helpful to focus on cross industry opportunities to improve cash handling. It may be helpful to distinguish between notes and coin.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
	Operationally coin is more complex and time-consuming to process. This is for a number of reasons, not least its weight and volume. There are also practical restrictions which mean that coin is harder to handle via self-service devices than notes. We would therefore welcome further discussion around opportunities to reduce the coin denominational range.
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?	Yes, the supply and quality of notes & coin should be in scope. It should be addressed through the review of the Notes & Coin Scheme (NCS), which has been considering standards on note quality.
What other actions, if any, should there be in the National Payments Plan in regard to cash?	The National Payments Plan could usefully consider a long term objective to replace cash payments with electronic payments (e.g. cards, internet banking, mobile phone payments etc.), where it is in the Industry and consumer interests to substitute.
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	BARCLAYS RESPONSE
DIRECT DEBITS	
What improvements would lead to the greater take-up of direct debits by users?	**Originators** (corporates and public authorities): • Consolidation of BACS efforts to educate originators on the benefits of Direct Debits; • Introduction of limitations on indemnity claim parameters, specifically a limitation on timeframe to be able to raise Indemnity claim. **Consumers** • The vast majority of customers have no need to use the guarantee beyond 12 months. • However where customers do call upon the guarantee it is evident that there is significant consumer misunderstanding of DD's as a whole. • Barclays is considering undertaking a widespread customer education exercise through direct customer materials and further staff training. • Barclays is also supportive of consolidating BACS efforts to improve understanding of the Direct Debit Guarantee to build trust and consumer confidence in terms of allowing Originators to debit their accounts. • Consumers would also welcome further flexibility by originators in their choice of selecting preferred payment dates.
Would you support the introduction of a time-limited guarantee for direct debits in	Yes. Currently the originators' liability and its sponsoring bank's contingent liability are both unlimited as to time. Claims are made direct to originators, and therefore the full extent to which consumers utilise and rely upon the guarantee is not clear. But if an originator 'failed',

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
place of the current unlimited guarantee?	then it is possible that its' sponsoring bank would have to stand behind the originator's total collections without regard to value or time limit. This is unusual but has occurred in the recent past when ITV allowed its On-Digital subscription TV to fold. It is disproportionate to place unlimited risk on service providers whilst having no proportionate constraint on the consumer side, even when it is clearly evident that the consumer has received substantial benefit.
If so, what time limit do you think would be appropriate?	13 months. As stated above, the vast majority of customers have no need of the guarantee beyond 12 months, as the maximum recurring payment cycle is 12 months. An additional month has been added to allow for receipt of statement to query and/or reject. The 13 month period also aligns to the period set in the incoming EU Payment Services Directive.
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	BARCLAYS RESPONSE
DIRECT CREDITS	
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?	Industry should move to a more integrated and commonly accessible database with stricter rules on obligations to maintain and update payment system data at central and local levels. Greater use of reference fields on payments, and the application of such information onto statements would assist customer reconciliation.
Are there any other enhancements you think should be made to direct credits?	**Volume users** (corporates and public authorities): • Improved rigour for dealing with repeated failures/rejections, in relation to Advices of Wrong Accounts Credited (AWACS), with charging for repeat AWACS. • Greater obligations for more regular updating of databases, e.g. Customer Reference Directory (CRD), Bank Reference Directory (BRD), and Inter-bank Sort Code Directory (ISCD).
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	BARCLAYS RESPONSE
CREDIT CARDS, DEBIT CARDS AND CASH MACHINES	
What opportunities would you identify to leverage the ATM infrastructure for non-cash transactions? How should these be reflected in the National Payments Plan?	ATMs have been considered in a number of different Treasury Select Committee (TSC) reports and the TSC recently led a HM Treasury working group on free ATMs, resulting in an agreement with the industry to increase their presence of free ATMs in designated low income areas. The ATM infrastructure could be used to offer pre-pay card top up, bill payment, oyster card top up or payment of congestion charges. Elsewhere we see Lottery tickets or top-ups occurring.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
	The ATM infrastructure provides a secure mode of access to the banking system and as such can be used more widely than for cash withdrawal and basic banking enquiries, for example Person-to-Person (P2P) and P2B- SME payments. There is already significant innovation taking place both in the UK and elsewhere and it is appropriate to leave this to the market.
Which, if any, other actions should there be in the National Payments Plan in relation to credit and debit cards and cash machines?	The National Payments Plan should take account of the changes that may take place at a global and/or EU level with regard to developments in cards and ATMs, for example the SEPA initiative. It is important that SEPA for cards remains market-driven, and that such change may take place in an unplanned manner, which the NPP recognises. **Relevant to EU Payment Services Directive (PSD)**
EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS CHAPS AND THE WHOLESALE MARKETS	BARCLAYS RESPONSE
What improvements should be made to the way in which payments in the wholesale markets are carried out?	There is often little to discriminate between payment messages representing wholesale dependent activity and underlying product settlement. The only real separation we can see may occur post FPS, where payment types stay within pre-defined channels i.e. retail commercial in FPS versus wholesale in CHAPS. However in reality, it is unlikely that this distinction will last long. Otherwise, lessons from recent incidents of system failure should be telling us that we need to have some form of contingent netting arrangement, and that banks need to have more robust links between scheduling and their liquidity positions. (Barclays does, but the recent incidents suggest some banks do not).
SEPA AND CROSS-BORDER PAYMENTS	
What should the Payments Council do to ensure that users in the UK can take best advantage of SEPA?	Improve public awareness of what SEPA is and the benefits it can bring. Ensure smaller Payment Service providers understand how they can access SEPA on behalf of their customers. The NPP should exert pressure on the EPC to fund and develop a communication plan developed by communications professionals.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
What issues does SEPA raise for your use of payments?	Linkage between Clearing & Settlement Mechanisms is unclear, and it is difficult for customers to know if a payment can be effected as a SEPA payment, as the reach of Pan-European Automated Clearing House (PEACH) is unclear to the wider market user base. We are also in discussion with the UK and EU regulatory authorities regarding the impact of the Payments Services Directive. Key points relate to interpretation of specific clauses in the legislation, for example: 1) What constitutes as point of receipt for a credit and "immediate" value. 2) Which accounts are impacted – Payment (current) accounts, mortgage, and/or savings accounts. 3) The provision of information. **Relevant to EU Payment Services Directive (PSD)**
What improvements should be made to cross-border payments?	Improved reach and service for non-SEPA payments, by leveraging the SWIFT infrastructure for improved reach and standardisation.
What measures to enhance users' efficiency should be considered by the Payments Council?	Improved reference validation for bill payments, e.g. credit card, for reconciliation purposes.
INNOVATION OBJECTIVES: CONSULTATION QUESTIONS CONTACTLESS AND PREPAID CARDS	BARCLAYS RESPONSE
Do you agree that at the present stage of market development the contactless and prepaid card sectors are best left to initiatives from individual card issuers, acquirers and the card schemes?	Yes. Card-based payments have a history of innovation and this continues to the present day with contactless, prepaid and multiple-application cards (such as Barclaycard's OnePulse). We would prefer this sector of the industry to develop through market-driven, interoperable, preferably global standards, and we think it will. A plethora of country-level or bespoke standards would damage innovation in the longer term as it will be more difficult to pay back initial investment. At the present time, there is no need to intervene, as the market is working effectively.
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	It is important to get the balance right – prescribing new rules and requirements could damage innovation but we can see the need for interoperable standards. The Payments Council should therefore maintain a watching brief in this area, to ensure that new entrants have access to global standards (if they want to use them). Appropriate AML controls should be applied from outset.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
sectors of users?	
What support, if any, can the National Payment Plan offer to the development of prepaid cards?	The Payments Council could monitor the development of new forms of payment that are designed to replace cash. Good practice guidelines could help with this development, and ensure that all providers comply with basic principles of fairness to consumers (such as clear, transparent terms & conditions etc). The Payments Council could explain to customers how payment methods such as oyster style swipes, are 'safe' to use. Guidance on appropriate AML standards and controls.
INNOVATION OBJECTIVES: CONSULTATION QUESTIONS MOBILE PAYMENTS	BARCLAYS RESPONSE
What role should the Payments Council play in the development of mobile payment services, including setting the standards for mobile payments?	The Payments Council should consider the need for the establishment of a separate mobile payments scheme and the extent to which the scheme or providers should be responsible for the establishment security and messaging standards etc. The international card schemes already provide an efficient means of setting standards to allow these forms of payment to take place. A phone is just a different form factor (a card would be another form factor) and so standards for purchases should be managed as business as usual by the card schemes.
In particular, do you agree that the National Payments Plan should support the development of mobile payment services between bank accounts?	We agree that the development of bank to bank account payment services will be essential to address issues of consumer trust and adoption for mobile payments in the 'developed' UK market place. Bank account to bank account payments services will be one of a number of potential options for execution that should emerge.
What principal characteristics would users find attractive in a mobile payment service?	Hardware/software agnostic. Location independence. Simple, intuitive interface and execution. Cross border payment capability. Payment ubiquity. Confidence in security and delivery. Real time payments assurance. Non Repudiation.
What role do mobile phone payments potentially play in providing alternatives to traditional forms of payment?	Mobile payments will provide an additional payments and banking channel in the UK. As the UK has a well established banking system, mobile phones do not introduce additional functionality into the banking system itself, just additional convenience to consumers and retailers.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
	Mobile payments provide the opportunity for a viable alternative to existing payments methods that are currently dominated by the use of cheques and cash. The creation of an industry scheme managing standards and security could provide an effective means for migration away from these traditional mechanisms and provide systemic efficiencies for the industry and consumer.
What other actions, if any, should there be in the National Payments Plan in regard to mobile payments?	The Payments Council should monitor and influence the position of the EPC in relation to mobile payments and to gain its support for the development of a UK m-Payments infrastructure as a viable alternative to the 'telco' led m-Payments model advocated by the GSMA.
INNOVATION OBJECTIVES: CONSULTATION QUESTIONS SUPPLY CHAIN	BARCLAYS RESPONSE
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?	Yes, standards are key to improving the quality of STP and so the cost effectiveness of our service. The European Commission website states: "It is an essential part of an efficient financial supply chain and it links the internal processes of enterprises to the payment systems. The ongoing creation of Single Euro Payment Area (SEPA) offers an ideal launching pad for a successful European e-invoicing initiative with the savings estimated at around EUR 64,5 billion per year for businesses." We should work closely with UNCEFACT TBG5 and ISO20022 to ensure we have one global (not European or UK) standard for e-invoicing. We would also like more involvement in the European Commission Steering Committee on e-invoicing, directly or indirectly. We would be happy to help with this development, and provide support in the form of representatives on this Steering Committee if this would be helpful. **Relevant to EU Payment Services Directive (PSD)**
What role should the National Payments Plan play in moving this agenda forward?	UK should form National forum to agree the business model for UK e-invoicing, and to co-ordinate/contribute UK views to the European level.
What other actions should be included in the National Payments Plan?	Consider cash recycling of deposits at ATM's
What other payment innovations requiring action at industry level should be considered by the Payments Council?	Monitor new emerging technologies such as biometrics.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
INTEGRITY OBJECTIVE: CONSULTATION QUESTIONS EDUCATION	BARCLAYS RESPONSE
What gaps are there in current financial educational initiatives in regard to payment matters?	Some customers like traditional means of payments, therefore these should be identified and educated and incentivised to switch to improved payment types. Increase awareness of opportunities arising from SEPA.
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?	If the Payments Council is going to undertake financial education work it should certainly ensure any plans are consistent with the Thoresen Review on generic advice and the FSA's financial capability plans. PCL can help enormously to join up messages with the BBA, FSA, BCSB and consumer media.
INTEGRITY OBJECTIVE: CONSULTATION QUESTIONS FINANCIAL INCLUSION	BARCLAYS RESPONSE
What role can the Payments Council play in promoting financial inclusion?	The Payments Council should work with the Financial Inclusion (FI) Taskforce and FSA on these issues. HM Treasury has recently produced its new FI strategy, after much stakeholder consultation, (including recommendations from the Treasury Select Committee FI Enquiry in 2006). It is therefore important that a coherent strategy is now co-ordinated by HMT and that the Payments Council links its own FI plans and ideas into this framework. There are circa 2m adults in UK who are currently 'unbanked'; extending progress in this area could be enhanced through careful prioritisation of where best banks should focus their efforts and resources on the entire Financial Inclusion agenda – cheques might just be one component part of that.
What other bodies should it work with to deliver this role?	Association of British Credit Unions Limited (ABCUL), Community Development Finance Association (CDFA), and Citizens Advice Bureau (CAB).
INTEGRITY OBJECTIVES: CONSULTATION QUESTION PAYMENT SYSTEM INTEGRITY AND CONTINGENCY	BARCLAYS RESPONSE
What are the main challenges to the integrity of the payment system that need to be addressed collaboratively?	1. Clarity in terms of legal review, risk rating, technology review, financial analysis of Payment System, credit analysis of exposures, efficiency benchmarking, internal control assessment, operational risk assessment, etc. 2. Clear understanding of financial exposures for: margin, collateral, guarantee fund deposits, pre-funding, loss sharing obligations, pre-settlement exposure, and any credit extensions associated with membership on any payment system. 3. Sufficient transparency to identify and assess any undue contractual liability, and any important/undue compliance requirements.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
	4. Require appropriate level of management review of participation in select payment systems that present material adverse risks, such as exposure to open-ended liability. 5. Clear understanding of the security, stability, reliability and disaster recovery of the infrastructure used by the payment system. 6. Clear risk measures and assessments to mitigate them as required. 7. Need to have clear access criteria and governance.
INTEGRITY OBJECTIVES: CONSULTATION QUESTION FRAUD AND SECURITY	BARCLAYS RESPONSE
How should consideration of measures against fraud be included in the assessments which the Payments Council makes of proposals for innovation?	Any measures against fraud should be formulated in consultation and collaboration with Industry interest groups such as: Fraud Control Steering Group (FCSG) and Plastic Fraud Prevention Forum (PFPF) for banks / issuers.
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?	By working with industry in setting minimum standards for customer authentication
Should minimum standards be introduced for authentication of remote transactions? If so, should a common measure of authentication be recommended/mandated?	Agree that minimum standards should be set and that common measures recommended.
How should the National Payments Plan address new technologies, such as biometrics, which may contribute to customer security?	Any such use of technologies should be subject to consultation with stakeholders, and who may recommend standards, after taking into account the impact on the various channels.
What actions, if any, should the National Payments Plan include in regard to data sharing?	Data sharing is already in scope of Industry interest groups and the new Fraud Intelligence Sharing System. Further data sharing initiatives should be in collaboration with National Fraud Plan, and we look forward to BERR progressing its consultative work on data sharing.
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?	By engagement and collaboration with existing industry wide bodies on fraud, ensuring that those leading forums are engaged with the NPP on fraud prevention. This may require representations from those forums coming together and NPC level to determine such strategies.

EFFICIENCY OBJECTIVES: CONSULTATION QUESTIONS	
What role should the Payments Council play in raising the profile of fraud and security issues and in lobbying government and the public authorities?	Industry Interest Groups should raise concerns with Payments Council, as and when appropriate.
OTHER QUESTIONS: CONSULTATION QUESTION STANDARDS	BARCLAYS RESPONSE
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?	The PCL should encourage and lead the industry towards common and interoperable standards. The current principles are a good basis upon which to go forward. PCL can also ensure good quality representation is provided by the UK to the numerous standards organisations e.g. ISO20022, SWIFT, UNCEFACT.
What, in particular, should the National Payments Plan say about messaging standards?	Global standards should be encouraged whenever and wherever possible, else we will have domestic standards and become isolated and not be able to integrate in to the global liquidity markets. We should work closely with UNCEFACT TBG5 and ISO20022 to ensure we have one global (not European or UK) standard for e-invoicing. We should encourage Faster Payments to adopt global standards such as ISO20022.CHAPS should continue to be interoperable with other large clearing systems through out the world.
OTHER QUESTIONS: CONSULTATION QUESTION PAYMENT COSTS	BARCLAYS RESPONSE
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?	Yes, through the clearing company boards.