

National Payments Plan Consultation
Response
5th Floor
Mercury House
Triton Court
14 Finsbury Square
London EC2A 1LQ

2008, February 4th

Dear Sir or Madam,

We are delighted to be given the opportunity to express our opinion on the change in UK payments scheme.

You will please find hereafter a concise answer to the questions raised in your survey.

Please do not hesitate to contact us back should you wish any further information,

Yours faithfully,

Laurent Ayat

Head of Payment Services UK

Q1

The recent decision by Tesco not to accept any longer payment by checks shows clearly in our views that the market is mature a roll out of cheques. A plan for cheques should be developed. Education more than technical solutions seems key.

Q2

Bank drafts can be regarded as means of payment with few alternatives.

Easy on-line payments facilities for utilities have been developed in some countries (France eg) for people with reluctance to direct Debit.

Q3

We believe 2018 is an acceptable deadline for the closure of cheques clearing.

Q4

Cheques users need to be informed of the alternative payment means they can use.

Q5

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Q6

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Q7

We agree that a review of paper credit clearing should be made.

Q8

Cash will remain a popular payment method in the near future in our opinion especially for low value payments. Initiatives have been taken in many countries to offer alternative to cash for this kind of payments, sometimes with

success, however even in this case, the number of cash transactions remains high.

Q9

We believe the National Payments Plan may issue recommendations regarding the quality of coins and notes. We have no opinions regarding the supply of coins and notes which carries a high legal and symbolic power.

Q10

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Q11

We think suggestions quoted at the beginning of the section are interesting ones, especially the one-off direct debit.

We believe that the greater reluctance to direct debit comes from the fact that people have the feeling to be tied-up. Therefore, information campaign on the Direct Debit may be valuable.

On the other hand, any action making Direct Debit issuers more comfortable should be undertaken.

Q12

Yes.

Q13

We believe harmonizing the time limit with the Sepa Direct Debit Scheme would make sense (6 months).

Q 14 & Q15

The introduction of a new direct credit format allowing extra information should be considered.

Accurate end-to-end information is certainly a major expectation of large issuers nowadays as automated mass reconciliation has become key. The improvement of the quality and quantity of information carried-on by the direct credits is currently limited by the flat format. XML based messages, for instance, would allow messages to carry much more information. A alignment on SEPA norms and format would certainly allow both corporate and banks to realize sizeable scale gains.

Q 16 & Q 17

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Q 18

The main singularity of the UK high value settlement system in the European landscape is certainly the cost for accessing directly and therefore the fact that there are very few direct members to the RTGS.

This may cause in our opinion quality, liquidity and risk issues.

We remain at the disposal of the National Payment Plan for more information on this subject.