



**S.W.I.F.T. (U.K.) Limited**  
Mercury House, Triton Court  
14 Finsbury Square  
London  
EC2A 1LQ

Payments Council

15 January 2008

From: Melanie Espin  
SWIFT Consultant

## **SWIFT (UK) LTD RESPONSE TO NATIONAL PAYMENTS PLAN CONSULTATION**

SWIFT UK Ltd welcomes the opportunity to respond to the National Payments Plan Consultation. This response has been agreed by the SWIFT UK Strategy Group.

SWIFT (Society for Worldwide Interbank Financial Telecommunication) is the global provider of secure financial messaging services. SWIFT UK is a membership organisation representing the UK community of SWIFT shareholders and users. It serves in an advisory capacity to the Board and SWIFT management, representing the interests of UK shareholders and users by co-ordinating their views and forming a common UK policy.

The UK is a significant player in the global SWIFT market, ranking second in the world, narrowly behind the US and well ahead of other users in terms of traffic generated. 52% of this traffic is generated by foreign banks.<sup>1</sup> Traffic comprises a number of message types: payments and cash management; securities; treasury and derivatives; trade services.

In representing the views of a diverse range of financial institutions, SWIFT UK has an opportunity to provide input from a domestic and international perspective.

SWIFT UK Ltd's response to the Consultation is of a general nature but specific questions are addressed where appropriate.

### **Payments and Cash Management**

In general terms, we note that the UK payments industry has been impacted by a number of regulatory changes, together with increased focus on resilience and contingency. Customer needs are evolving, with more emphasis on interoperability and straight-through-processing.

---

<sup>1</sup> Source: SWIFT Country Watch – United Kingdom Q3 2007

The impact of regulatory and resilience issues is fundamentally important from a domestic and an international perspective. SWIFT UK Ltd fully supports consideration of the National Payments Plan in the context of wider European and international developments. Data privacy requirements, for example, have had global implications in terms of access to and storage of data.

### **CHAPS and the Wholesale Markets**

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

The National Payments Plan should consider development of UK wholesale payments in the context of wider developments in the European and global markets. Implementation of TARGET2 in November 2007 is changing the profile of European RTGS systems and UK strategy needs to be considered in line with this.

CHAPS, in common with most major RTGS systems globally, already uses SWIFT messaging services and standards and there is benefit from the interoperability, resilience and economies of scale which this brings.

### **Standards**

*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?*

Standards are a core element of SWIFT's product offerings. Any consideration of standards must be in the wider global context and SWIFT UK Ltd fully supports the principles as agreed by the Payments Council and defined in S5.5 of the National Payments Plan Consultation. Consistency in the use of standards should be supported across all payment systems. Close liaison between Payments Council and SWIFT UK Ltd on standards issues would be strongly encouraged.

### **SEPA and Cross-Border Payments**

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

SEPA is based on SWIFT standards and encouraging the adoption of these same SWIFT standards for domestic sterling payments could help UK users exploit and benefit from SEPA.

The volume of cross-border payments will increase over the next five to ten years. SWIFT UK Ltd supports liaison with the UK Remittances Task Force.

### **Mobile Payments**

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

It is agreed that mobile payments have the potential to expand and security and standardisation of messages will be of fundamental importance. Payments Council should recognise the need for close engagement with a variety of stakeholders.

### **Resilience**

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

Resilience and integrity in financial messaging is fundamentally important to payment systems and to the consumer. SWIFT UK Ltd fully supports a collaborative approach to cross-system integrity. Consumer and stakeholder education is important in fostering an understanding of resilience issues.

SWIFT has long experience in the provision of highly resilient infrastructures and would be happy to discuss with the Payments Council how SWIFT's network and expertise could be leveraged for the benefit of the UK payment systems and their users.

-0000000-