

PSR: Our proposed PSR Strategy

UK Finance Response

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UK Finance is the collective voice for the banking and finance industry.

Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

Introduction and Strategic Alignment

- We welcome the opportunity to respond to the PSR's proposed strategy and note in the consideration of the key themes expressed in UK Finance's pre-consultation input on the draft strategy, particularly the importance of managing the implementation of the NPA by Pay.UK and the commercial nature of the competitive payment ecosystem.
- The PSR's consideration of UK Finance's Future Ready Payments 2030 report is also noted and we are supportive of the alignment of themes and objectives expressed in that report and the PSR's proposed strategy. Similarly, the alignment with the outcomes agreed by the UK Finance Payments Product and Service Board (PSB) is also significant. We comment on these in more detail later on in this response.
- The PSR's strategy refers to initiatives or priorities that will require industry engagement and consultation. We would encourage the PSR to lay greatest emphasis on the outcomes of their strategy rather than the specific actions articulated. We believe that the changing payments ecosystem may reveal alternative means to achieve the PSR's policy priorities and that engagement with the industry in a proactive manner can deliver more effective routes to beneficial outcomes. This includes developments in propositions such as central bank digital currencies (CBDCs) and digital identities.

Competition and Choice

- Our members operate in a highly competitive market that supports an array of payment options and methods unmatched by any previous period. These methods include Bank of England bank notes, Royal Mint issued coins, card payments, e-money accounts, payments initiated by mobile phones and other wearables, open banking payment initiation services, national and international bank transfer systems (including SEPA, Faster Payments, Bacs and the SWIFT network), cheque payments and, more recently, payments made via digital coins.
- Outcomes for consumers and businesses across these payment methods remain positive. The industry is proactive in supporting their customers in ensuring resilience, reliability, crime and fraud prevention and supporting inclusion. UK Finance has regularly been able to assist regulators and industry to come together to collectively solve consumer detriments in

a pro-competitive environment; for instance, through our work on the APP CRM code, the development of Access to Cash pilots, collective responses to airline insolvencies and the implementation of SCA and Confirmation of Payee.

- We believe the diversity of available payment options, and the diversity of business models that collectively support the availability of these payment methods to UK businesses and consumers, demonstrates the highly competitive, innovative and commercially driven nature of the UK's payments ecosystem. In light of this, we believe that the commercial nature of this ecosystem is essential for the PSR to consider over the next five years.
- We are supportive of the PSR's efforts to increase competition in the industry; although traditional distinctions between interbank and card rails are blurring. For instance, in the card acquiring market, we have seen these firms diversify to support acceptance of other payment types and promote interoperability. This change has the potential to support greater diversity of payment acceptance for businesses and greater choice of payment for consumers. The PSR has already observed within 3.24 to 3.37 the increasing competition between payment systems.
- This competition needs to take place within the right framework and we believe that greater competition between operators within a commercially sustainable market is the optimal mechanism to deliver the benefits of competition to the UK.
- UK Finance's own work in support of open banking payments, the development of new forms of digital money and our engagement with Pay.UK indicate to us that new payment systems are already in development, and increasingly likely to be developed by the commercial market. Stimulating additional change, such as in consumer protections, should be socially and economically beneficial and may require industry collaboration and co-ordination. These innovations often rely more on distributed business models that can deliver additional benefit to consumers at pace rather than through the implementation of central infrastructure and centralised schemes.

Regulatory Focus

- Our members have expressed concerns that the PSR's strategy relies too much on the actions of Pay.UK to deliver change to the industry.
- Our members are supportive of the delivery of the NPA and its fulfilment of regulatory outcomes. We believe that Pay.UK should increasingly operate to facilitate market led initiatives as directed by industry. We are seeing an increased demand for API driven services in the market and consider that other bodies may also be able to facilitate innovation in the market.
- We believe that any structural change to Pay.UK should enhance industry stakeholder input into its actions while ensuring that it has the right funding and incentives to deliver on the NPA and catalyse the development of new payment services. We believe, as Pay.UK considers its own strategy, that it has an opportunity to consider these changes in consultation with its participants.
- The PSR should recognise in its strategy that Pay.UK is one of many payment system operators in the market. Other stakeholders necessary to deliver industry change include card providers, fintech payment platforms, international payment networks and wholesale payment infrastructure.
- We believe that enhancing Pay.UK's responsiveness to the market would help to deliver on wider industry change initiatives, such as Digital ID. This initiative, in particular, could assist payment firms, and the wider market in general, to support enhanced fraud detection and protection as well as deliver more streamlined onboarding processes.

Competing Priorities

- We think that, specifically in reference to question two, the PSR has not tackled instances where it will have to balance the competing priorities in the fulfilment of its objectives. These conflicts are inevitable and we would like to see the PSR adopt transparency in its development of policy so that the industry may understand the impact of policies on other objectives of the PSR, other regulators and the industry. Specifically we consider the below are worthy of further consideration by the PSR:
 - While we recognise the work that the PSR has undertaken to outline the respective roles of other regulators of payment providers, we do not consider that the PSR's strategy has effectively outlined how the different roles of the FCA and the Bank of England impact its own objectives and the fulfilment of its fellow regulators' objectives.
 - Our members suggest that the PSR works with the payments community at the end of its consultation process to map ahead its contribution to the wider regulatory space. This could consider the next stages for access to cash, consumer protections and cross reference any items of conduct relevant; such as the FCA's Consumer Duty.
 - We would like to see the PSR consider how it handles conflicts between its objectives and industry's need for trust, safety, security, reliability and resilience.
 - There are some inherent conflicts in the articulation of the PSR's proposed outcomes. For example, how it enhances competition in the market while introducing policy initiatives which will incur direct costs to all participants.
- Choice for consumers is paramount and it is important for UK consumers and businesses to feel supported in their financial lives and have appropriate education of their options to enable informed decision making on their use of various payment types. The PSR's strategy appears to put disproportionate focus on the needs of the consumer without always acknowledging that businesses and payees (e.g. merchants) should also have choice.
- We value the PSR's consideration on how the industry may fairly and proportionately retire systems and services supporting payment methods that are no longer in wide usage; for instance, the use of cheques continues to decline despite substantial industry investment in this payment method. The competitive impacts of any decisions to reduce the investment costs of payment methods are manifold and the PSR's engagement will be essential for the industry to reach an effective agreement on these processes. We note the good work of the PSR's Digital Payments Initiative as an example of how industry and regulators can co-ordinate together to ensure that the benefit of pro-competitive industry outcomes can be delivered to consumers.

If you have any questions relating to this response, please contact Austin Elwood, Payments Policy manager (austin.elwood@ukfinance.org.uk)

Austin Elwood

Manager, Payments Policy

- 1. Do you think the key trends we have identified adequately capture the most important system-level changes payments and UK payment systems are likely to experience over the next five years? If not, please explain what we have missed and why it is important.**
- We agree with the PSR's summary of the key trends impacting the UK payments markets today. Particularly the growing competition between payment systems and the increasing competitiveness both of payment services between each other and the facilitation of existing payments infrastructure to enable new, diverse and competitive services to customers and businesses. These observations appear somewhat at odds with the PSR's later conclusions regarding risks to competition in retail payments.
 - Competition between payment service providers is perhaps more important to our members. While competition between payment systems may provide greater facilities upon which market participants can build end-to-end solutions, there are greater opportunities for competition in the provision of services to payment users.
 - The PSR outlines trends that primarily relate to the consumer. We would welcome further consideration of trends affecting commercial and business payments. Building on this, the PSR has primarily focused on industry driven changes in payments. Payments are a two sided market and changing payment user preferences can be more dynamic in driving change. Existing preferences, such as businesses preference to make salary payments by Bacs due to its low cost and predictability, may influence the use, growth and decline of payment methods. We believe there needs to be greater recognition of the benefits and drawbacks of various payment methods in the UK and that the decisions made by businesses, from a volume perspective alone, will have a greater impact on payments markets than decisions made by individual consumers.
 - We welcome the PSR's consideration of a number of new and innovative payment methods and systems that are in development or are expected to be developed by the industry.
 - Firstly, the growing interest by central banks and regulators of CBDCs and wider stablecoin initiatives. HMT's recent consultation, and the Bank of England's recently concluded call for views have provided an opportunity to consider this important issue. Engagement on these topics is rightly being led by the Bank and HMT and we agree that the PSR's engagement on the introduction of new forms of digital money will be essential. It is important that the benefits of a robust regulatory environment are provided for these payment methods and that opportunities for regulatory arbitrage are not introduced. As far as possible, the PSR could assist the Bank and HMT in the development of new forms of digital money to help ensure that they are designed to promote competition both within their design and in relation to other available payment methods.
 - Secondly, the development of open banking payments as a competitive alternative to other forms of payment has been a welcome innovation for the payments industry. UK Finance has already begun working with the industry to understand how open banking payments can be enhanced for the industry, ensuring that they are commercially sustainable for all parties.
 - The development of 'overlay' services on other payment methods is a tried and tested method for developing competitive services within payments. We look forward to such services being developed both on existing payment infrastructure and any additional provision within the NPA.
 - We want to recognise the PSR's observed overlap across the membership of most payment systems, both the card clearing systems and interbank clearing systems. Industry participants often have an incentive to access as many payment services as possible, and

offer their customers a convenient range of payment methods, to ensure their ongoing commercial sustainability while merchants, and corporates will often be able to make use of multiple types of payment. We have seen this most clearly in the evolution of the card acquiring market which has changed so much that industry experts have begun referring to this market solely by moniker of the ‘acquiring market’ as these firms are diversifying into accepting interbank payments, card payments and other payment types.

- This demonstrates the level of competition already present within and across different payment infrastructures. We believe this ‘diversification’ of payment providers accessing different strands of the payment ‘supply-chain’ will help to deliver the benefits of competition to UK businesses and consumers.

2. Do you think the key outcomes we want to focus on provide the right balance between promoting competition and innovation and doing so in a way that benefits all the businesses and consumers that make payments in the UK? Please explain why or why not.

- We believe that the outcomes that the PSR have articulated are helpful and appropriately outline the key concerns, not just of the PSR, but also that of the wider payments’ ecosystem.
- The UK Finance Payments PSB agreed in early 2021 the following strategic outcomes with our members:
 - Interoperability – Seek greater interoperability through standards, locally and internationally
 - Richer data – Use enhanced data and intelligence to better inform users
 - Open access – Open access to payment systems and services to those that want to use them while ensuring appropriate risk mitigations and oversight are in place
 - Resilience – Reliability and resilience must be maintained
 - Enhanced customer experience – Deliver greater choice, control, confidence and ease of use
 - Protecting customers – Prevent, deter and detect fraud and tackle economic and financial crime to ensure payments are safe and secure to use
 - Environmental sustainability – Reduce customers’ environmental footprint
 - Value for money – Ensure payments are cost effective and efficient.
- We believe that these outcomes are central to achieving better products and services for the market. We see an effective and competitive market delivering against these outcomes.
- There is significant alignment between the PSR’s outcomes and those articulated by UK Finance members. Open access and enhancing customers experience of payment services are essential to deliver payments services that meet the needs of users; we agree that there is a need for payment providers to protect their customers; competitiveness within the industry will be delivered through greater interoperability and greater access; ensuring the efficiency of payment systems can only be delivered through ensuring that payment services are delivered in ways that deliver value for money.
- Our outcomes for richer data are important for greater competition and innovation in the payments sector, as well as uplifting the variety and quality of services available to consumers. The ongoing implementation of open finance initiatives will also help encourage greater competition and innovation.
- While the PSR note their consideration of environmental impacts within their strategy, we do consider that this is something that the industry as a whole will collaborate on. Though not specifically of relevance to the PSR’s role, where opportunities present themselves for

the support of these endeavours over the next five years, we expect the PSR to act in support of relevant initiatives.

- Our members consider that there is a perceived focus on consumers, particularly as payers in the PSR's strategy. We noted earlier that UK businesses can sometimes have a larger impact on payments markets than consumers and the needs of payees should not be overlooked. Delivering on the interests of both businesses and consumers will be important to deliver good outcomes for UK businesses and consumers.
- We note our members' objectives to deliver benefits to their customers. The importance of competitive markets to these objectives has already been taken as read; however, there are instances where the PSR strategy does not articulate the beneficial outcomes to consumers and businesses of its measures to promote competition and innovation. To effectively deliver benefits to end-users, promoting competition is the means that is justified by the ends – it is not an end in itself.
- We have specific comments on the outcomes below.

All users have access to payment services that meet their needs in terms of functions, quality, cost and other relevant factors

- We agree with the PSR that ensuring users have access to payment services that meet their needs is an essential function of the industry and note the alignment of this outcome with our own outcome articulated for open access to payment systems and services.
- We note two points of tension between this outcome and two other outcomes articulated by the PSR:
 - We do not believe that access to payment systems can be considered in isolation. Payment systems, such as cheques, have exceedingly low volumes and relatively high processing costs. This can drive inefficiencies in the business models of providers of these services, impacting their commercial viability and, ultimately, the value of services that they can offer to their customers – with reference to the PSR's fourth outcome. As the PSR note, the continued availability of cheques is important to some groups of users, however, we value the PSR's consideration on what other factors might be considered in relation to the proportionality of efforts to maintain access to this, and other less frequently used, payment types. Should the industry reach a point of commercial unsustainability in the provision of these services, we would value the PSR's consideration of how it would support market participants in reducing the availability of these payment types. It is possible that action to support the processing of cheques may be necessary in the next five years.
 - There may be circumstances where the availability of, for example, consumer protections across all payment methods may reduce the choice of payment methods for significant payment use cases. To ensure a commonality of experience, it may be more effective to restrict attention to a smaller sub-set of payment methods. We welcome the PSR's consideration of how it will handle this tension in its strategy. As an example, opportunities to confidently identify a merchant as a payee through the use of Digital ID or ISO merchant codes would require widespread market adoption to realise the benefit. Ensuring ubiquity for such a solution could restrict the number of participants able to offer payment services.

Users' interests are adequately protected when using payment systems so that they can use systems and services with confidence

- We recognise the importance of ensuring user protection when making payments and note the agreement of the Payments PSB of a similar outcome to prevent, deter and detect fraud and tackle economic crime.
- The relative incentives for users to adopt particular payment methods may differ depending on the type of institution, individual or participant and what role it is playing within a payment chain.
- The importance of consumer protection is recognised across the industry. Particularly where there is demonstrable consumer detriment. The scale and nature of this protection must be commensurate to the detriment observed, must be sustained by a viable commercial model, deliver incentives to the right firms to facilitate implementation and manage the balance of competing priorities; such as demand for free-in-credit banking services and the unique features of different payment systems as designed to fulfil specific use cases.
- Operationally digital payments are often complex to process. Meeting the interests of all parties within a payment, from a payment initiator, any financial intermediary and the recipient itself is a difficult balancing act. A good commercial and governance structure to deliver change, including in consumer protections, will provide incentives to the key actors in these chains. This should also consider the relative needs of both merchants and consumers.
- In support of the above narrative, we wish to highlight two points of convergence with the PSR's other outcomes:
 - For the PSR's third outcome, the delivery of consumer protections by industry can have significant competitive outcomes for the industry. We value the PSR's consideration of the ways that consumer protections can sometimes be in the competitive interest of industry participants and, in other circumstances, a matter of pro-competitive collaboration.
 - The importance of ensuring that a consumer protection environment is commercially viable is essential to its success. We value the PSR's consideration of how its fourth outcome may help to enhance its assurance of the protection of payment service users.

Payment systems are designed and operated to enable effective competition in the provision of payment services

- Members of UK Finance support the vast majority of payment systems in their operation and operate within a highly competitive ecosystem which has the hallmarks of consistent product innovation for end users. This can be seen from the diversity of payment methods available to consumers and businesses in the UK, from cash payments, digital wallets, mobile banking payments, card payments, direct debits among others.
- Across all of these payments methods, access is essential to drive effective competition and the Payments PSB agreed outcome for open access reflects this similar point.
- The PSR identify the ability for firms to gain income from payment systems as a key contributor to the level of innovation and change these systems can support. Payment networks are complicated systems and not all parties are motivated by specific revenue streams. Indeed, for different parts of a single business, the same payments networks may be a cost or source of revenue. Different business models of parties within an ecosystem may also impact their relative investment priorities. While large retail banks can have a

large impact on payment services, their businesses are often not reliant upon income from payment services – lending and savings products may be far more significant for them. This may distinguish them from other payment providers, whose business model may be entirely reliant upon revenue generated from payment services.

- We believe that there are benefits to a diversity of commercial models supporting the provision of payment services in the UK, both for central infrastructure based services and for commercial constructs and commercially negotiated access to services. This means that the different needs and the different business models of payment participants are able to co-exist in a mixed economy. This can deliver greater diversity of payment products, enhance the resilience of the ecosystem to changing market conditions and provide greater opportunity for innovation.
- Similarly, we recognise the PSR's observation that different payment systems do not offer the same or, necessarily, competing payment services. Our members consider that there are benefits in payment providers offering services for specific use cases as these services can be tailored to that specific use case.
- Changes in payment markets take time; the technical capacity to facilitate a payment via a particular method does not mean that this change will have an immediate impact on customer use cases. Consumers and businesses are historically slow to take advantage of new payment methods. The introduction of contactless cards to the UK was in 2008 and, after seven years of growth, infrastructure investment and the adoption by Transport for London of contactless cards to pay for transport fares instead of conventional tickets, contactless payments comprised just 6.6% of total card transactions. This is a useful test cases for the PSR as it considers the success of its strategy.
- While the PSR is correct in surmising that the introduction of PISP services has yet to make a significant impact on the use of interbank systems for retail purchase transactions, our own work with industry on barriers to adoption of open banking payments has highlighted a number of areas that require industry engagement to resolve. We also refer to the previous point and consider that we should not necessarily expect open banking payments to make a large and immediate impact.
- Beyond this, the interbank rails support a number of overlay services, with recent developments including Confirmation of Payee and Request to Pay – along with future innovation around enhancing APP fraud data sharing. The industry has supported these alongside undertaking one of the most significant redevelopments of retail payment infrastructures in the UK through the NPA programme, while supporting the Bank of England in their RTGS renewal programme and the implementation of open banking. These last three will, or have, significantly increased the transfer of data within the payments ecosystem that is a dramatic step change from previous infrastructures.
- Given the benefits of a mixed economy of payment services, it is unclear whether the PSR's conclusion that changing commercial models for payment systems will deliver effective results. Particularly as the potential implications of any changes are not insignificant. They could dramatically alter the costs of services offered to UK consumers, significantly altering the relative cost or income to paying/receiving banks, and be perceived as an exploitative move by consumer advocates.
- We do note that there already exist mechanisms for businesses to offer retail payment propositions under existing payment structure. Members of UK Finance such as PayPal and GoCardless both operate retail payment functionality, including point of sale payments and online payments, built on existing interbank payment mechanisms. These schemes may include features to meet the customer protection requirements.

Payment systems are efficient and commercially sustainable

- The PSR's assessment of costs to payment providers is a very useful summary of the various business models and considerations that factor into the investment and development choices of firms offering payment services to the market. It is absolutely essential that the PSR remains alive to the business cases for change in the market, the commercial interests of the firms they engage with and, fundamentally, the direct and indirect cost to UK businesses and consumers of the costs of change in payments markets. For international players it should be recognised that investment and participation decisions will be driven by strategic considerations and market developments extending beyond the UK.
- The outcomes of the Payments PSB partially reflect this through the articulation of the importance of value for money in payment services.
- Appropriate governance controls and commercial pressure will help ensure organisations continue to deliver benefits to UK consumers and businesses.
- As highlighted by our Future Ready Payments 2030 report, common and open standards are a core mechanism through which we believe payment systems will continue to be able to grow in efficiency and provide a foundation of interoperability and resiliency for the UK market. Pay.UK's work in establishing their Standards Authority is appreciated, as is their collaboration with the Bank of England in developing a Common Credit Message for the UK based on the ISO 20022 standard. UK Finance, through its Standards Strategy Group, has begun to engage with these parties to understand how this collaboration can continue to deliver benefit to end users, and how extending this collaborative process to other infrastructure providers such as Mastercard, SWIFT and Visa can further enhance the benefits afforded by greater standardisation.
- Similarly, the PSR rightly highlights the difficulties associated with the differences between business standards and technical standards. We note the PSR's identification of a gap with no one agency well placed to establish minimum standards governing the interaction between counterparties etc. Broad collaboration across a range of stakeholders is vital, beyond the confines of Pay.UK. As a point of co-ordination with our members, UK Finance has a capability to convene industry and we have worked closely with them both through our Open Banking Payments Working Group and our Standards Strategy Group. Both of these groups have been able to articulate key barriers to industry progress that can be overcome by pro-competitive collaboration as well as being forums through which the industry can explore possible solutions.
- Our members are supportive of the PSR's observations of potential requirements for change to the governance of Pay.UK; we believe that the PSR should accelerate transparency in the current governance, set a clear expectation for a function driven framework for Pay.UK, promote improvements in how Pay.UK communicates and engages with stakeholders of all types and ensure that industry input on key investment decisions is heard.
- Proposals to reinforce the role of Pay.UK by changes to regulation are concerning. Pay.UK, as a not-for-profit entity, currently exists as one among many payment service firms in the market, that includes card providers, fintech payment platforms, international payment platforms and wholesale infrastructure. Depending on what the PSR mean to change about Pay.UK's structure, there may be concerns about the impact on the competitive market from overly instituting the role of one particular organisation in the retail payments ecosystem.

3. Do our strategic priorities provide the coverage, focus and flexibility we need to achieve the outcomes we want to focus on over the next five years? Please explain why or why not.

- We have used this section to compare the approach and actions laid out by the PSR in their strategy with the proposals made within UK Finance’s Future Ready Payments 2030 report.

Ensure users have continued access to the payment services they rely upon and support effective choice of alternative payment options

FRP#	FRP Recommendation
1	The industry will continue to work with regulators, government and key stakeholders to ensure that cash remains free and widely accessible for those personal customers that continue to need it.
2	The industry will further explore potential customer journeys that might enable more consumers to benefit from digital payments and identify any opportunities to take collaborative action to address them.
3	The industry will continue to, within the context of an already highly innovative and competitive market, to actively enable new digital services, methods of payment and other innovation that meet the evolving needs of all end-users in the UK.
8	A key ambition for the industry over the coming years will be to promote customer access to digital payments. The industry will work together where necessary to identify opportunities to enhance digital inclusion for its customers and address any issues.
9	In order to achieve our vision for digital payments, the industry will consider ways in which to support existing initiatives and research on digital inclusion to ensure a coordinated and transparent approach to identifying and understanding consumer needs.
20	Payment market infrastructure providers to continue setting clear standards and utilising modern connectivity technology, such as the use of cloud services and APIs, in order to ensure that future developments align with interoperability principles, as well as meeting market requirements for resilience, safety and security.
22	The Regulatory Initiatives Forum should continue to develop the Regulatory Initiatives Grid (RIG) to provide the industry with a pipeline of planned interventions. It should reduce regulatory overlap and clarify the respective roles of each regulatory body, including which takes the lead where shared responsibility for initiatives continues. To promote alignment with industry initiatives, it is important that the government and regulators clarify and confirm what they want from the payments industry through HMT’s Payments Landscape Review and Future Regulatory Framework (FRF) Review, as well as the PSR’s strategy.
23	The government should extend to payments regulators its FRF Review proposals for a clear allocation of responsibilities between Parliament, HMT and regulators, with the latter subject to enhanced transparency, scrutiny and accountability. We believe this model will make the most of independent regulators’ expertise and flexibility in setting regulatory standards while at the same time ensuring they take full account of broader public policy issues and priorities when designing those standards.

24 A coherent, future-proofed framework should subject the same activities and risks to the same regulation - with the same consumer protection - irrespective of the nature and legal status of the service provider.

- We believe there is strong alignment between the actions proposed by the PSR with regard to this priority and are supportive of the PSR's endeavours in this respect.
- The PSR's actions in these respects appears to focus on the existing requirements for access. We have already articulated the changing nature of payments in the UK and the development of new methods of payment and the increasing likelihood of additional methods to be developed in the future. We believe the PSR needs to consider how the payment ecosystem will change and how access requirements for consumers and business may change over the next five years. The PSR could take a wider view on payment access in the light of changing international conditions, such as SEPA access; new forms of digital money, such as CBDCs and stablecoins; and new business models, such as PISPs and commercial issuers of new forms of digital money. The G20 priority of enhancing cross-border payments should not be overlooked.
- The articulation of the priority appears to preclude any decision by the PSR and industry on whether payment services that are no longer commercially sustainable could be removed from widespread issuance. The decline in the use of cheques by consumers is a potential area that the industry may need to work with the PSR to articulate thresholds for payment methods to be assessed to understand whether widespread issuance or acceptance remains in the public interest in the next five years; otherwise the continued subsidisation of some payment services could incur a longstanding opportunity cost to the industry. Should this be required, the PSR could work to be assured that the needs of consumers will continue to be met by the changing mix of payment methods available to consumers.
- Previously, we considered that the PSR has assessed the market trends based on industry innovation. It is unclear how the PSR will assess the changing demands of businesses and consumers to understand their needs in more depth.
- While the PSR's efforts to support existing levels of access to the cash network is appreciated in their role as regulator of LINK, HMT's recent consultation on access to cash recommends that the FCA be given overarching regulatory oversight of the retail cash system. Within these responsibilities an articulation of the FCA to "[assess] cash access needs and demands for both personal and SME business customer on a period basis" is provided by HMT. We recommend that the PSR's commitments to support the availability of cash could be focused on the opportunities to support industry in developing innovative cash distribution methods or digital alternatives for consumers who would otherwise use cash.
- We support the activities of the PSR in ensuring that the payments industry has access to mutual services that have transparent and proportionate terms of joining and that effort is undertaken to ensure that joining processes are transparent and effective.
- We agree with the importance that the PSR note in relation to vulnerable customers; particularly:
 - We agree that firms will be mindful of the needs of vulnerable customers when designing and implementing services, based on an analysis of the needs present in their existing customer cohorts and target markets.
 - We agree that firms should respond to the needs of vulnerable customers at the point of interaction, if vulnerability is disclosed or identified.
 - We trust that firms' alignment to the FCA's expectations, as conduct authority, regarding Fair Treatment of Vulnerable Customers will meet the PSR's concerns in the areas they have articulated.

Ensure users are sufficiently protected when using the UK's payment systems, now and in the future

FRP#	FRP Recommendation
4	We would encourage the regulators to provide leadership and coordination to ensure policy initiatives deliver the right outcomes for consumers and businesses, and avoid unintended consequences, through a framework that will produce clear, effective, fair and commercially viable outcomes. Respective regulators' responsibilities should be clearly understood and aligned, to avoid duplication of effort and conflicting outcomes.
5	Undertake further work, including via Pay.UK's Consumer Protections Working Group, on potential enhanced protections for different business models and journeys and across different payment types. This work will include how protections are funded. We expect this activity to be in support of the work the PSR are planning in this area.
6	The industry will further promote customer education and other possible actions to improve awareness of current payment protections. Industry players should understand and consider the societal differences in users of payment types, and consumer confidence to seek a refund, including identifying the barriers to educating customers on protections at the point of transaction.
7	<p>Pay.UK will continue its tracking of international markets, to identify any accelerators or barriers to the take up of real-time customer-to-business payments, as well as alternative approaches to consumer protection. This research can help inform its policy work to explore if, and how, Pay.UK can use its rules and standards to enhance consumer protections.</p> <ul style="list-style-type: none">• We note the similarity of concern raised by the PSR on consumer protections as made within the UK Finance Future Ready Payments 2030 report and note the expected response from the PSR on its call for views later in 2021.• Members of UK Finance pride themselves on their services to their customers; meeting their needs and ensuring that disputes and errors in financial matters are resolved quickly and effectively is a central part of their business models and the trust that their customers have in their services.• Pay.UK's governance of the interbank rules is a potential mechanism to deliver consumer protections where this introduction can be commercially sensitive and proportionate to the consumer harm identified. Where more granular consumer protections are recommended, the PSR could look to work with firms that already provide retail payment services incorporating consumer protections atop the interbank payments network to understand how alternative forms of consumer protection could be delivered. The input and participation of other business areas, including merchants and corporates, may also be required in order to effectively deliver protection across retail and corporate use cases. It will also be important to ensure that the scope of application of any requirements is made clear at the outset, recognising that payment service users comprise both consumers and businesses and that some PSPs serve only consumers, businesses or a mix of both.• The use cases that the likes of Bacs, Faster Payments and the Image Clearing System (ICS) fulfil for members of these schemes are varied and introducing a generic customer protection scheme across these use cases may not be the optimal method to protect customers.• We believe that choice and competition can be effective in delivering an appropriate level of protection and that, where collaboration is required, it should be proportionate to the level of

consumer harm, be sensitive to commercial drivers and not adopt a ‘one size fits all’ approach.

- The use of the interbank rails for consumer retail payments to merchants and for the purposes of purchasing other goods and services remains small. However we, with the PSR, expect this to grow with rising numbers of open banking payments. We suggest that Pay.UK should move forward to some Proof-of-Concept proposals to handle the consumer protection concerns for their platforms; and other organisations should be encouraged to do the same for their respective points of co-ordination in the payments’ ecosystem.
- Our own work on open banking payments has highlighted opportunities for payment arrangements to operate and it is possible that they could provide a granular mechanism to deliver customer protection schemes, rather than requiring changes to central infrastructure.
- The importance of protecting consumers when things go wrong is a principle that extends beyond financial services, and can be supported by regulation as well. The reform of the ATOL scheme is a good illustration of how other industries can help to ensure that consumer protection issues can be handled effectively. In this case, these adjustments were made without recourse to central infrastructure or payment scheme change.
- Issues for consumers caused by the increase in APP scams remains significant for industry. There has been progress through the formation of the APP CRM code and the work of the Financial Ombudsman Service. These mechanisms for redress in the event of APP fraud are beneficial for UK consumers. However, despite this work, APP fraud continues to rise and the industry has identified opportunities to help to limit this fraud in future. UK Finance is working with its members on a proof of concept to permit greater sharing of payment data between payment agents supporting more effective fraud decisioning. This could provide the industry justification for investment in wider fraud information sharing networks. We are working closely with our members and Pay.UK on this initiative.
- Inevitably, there are various models by which this additional data can be shared; whether through a Confirmation of Payee (CoP) style pre transaction peer-to-peer overlay or directly included in a payment message. It is vital that the PSR and PSPs share a value driven approach to the delivery of any solutions. CoP illustrates the point well – we need to make sure we’re devoting resources to the most harmful detriments as we lever the potential of this foundational technology.

Promote competition in markets and protect users where that competition is not sufficient, including a) between payment systems within the UK and b) in the markets supported by them

FRP#	FRP Recommendation
3	The industry will continue to, within the context of an already highly innovative and competitive market, to actively enable new digital services, methods of payment and other innovation that meet the evolving needs of all end-users in the UK.
14	Regulators, central banks, and industry bodies to support global initiatives to enhance cross border liquidity management.
15	The Bank of England and industry, with the support of UK Finance, should continue existing work to improve liquidity efficiency in the renewed UK payment systems. They should also explore potential further innovations in the future including options

for improving liquidity efficiency between and across multiple payment and securities settlement systems.

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- 20 Payment market infrastructure providers to continue setting clear standards and utilising modern connectivity technology, such as the use of cloud services and APIs, in order to ensure that future developments align with interoperability principles, as well as meeting market requirements for resilience, safety and security.
- As our recommendations within the Future Ready Payments 2030 report outline, there is much that can be done to ensure the competitive landscape of the UK payments ecosystem. We provide these as context for additional innovation that we believe should be supported by the competitive market as tangible outcomes for the industry.
 - We believe that the continued functioning of the competitive ecosystem for payments is an important enabler for future innovation and that the development of common standards and co-ordination across the market within existing forums and new environments is key to ensuring that the payments industry continues to deliver innovative services to UK businesses and consumers.
 - It is not immediately clear to us that there is long-term risk to competition in retail payments as articulated by the PSR. The PSR's evidence appears to be dominated by a specific analysis of the cards market and does not consider the wider landscape of payment methods available to payment service users. We believe that the PSR need to be clearer on the negative outcomes this perceived competition risk is causing to consumers and businesses, and how any proposals to mitigate this risk will reduce this detriment. Without a clear articulation of the specific detriments and expected benefits to UK businesses and consumers, it is difficult to understand whether the PSR's proposed actions will have material benefits for UK businesses and consumers.
 - The PSR highlights the long-running concerns about pricing for cards transactions. Given their recognition that costs of providing payment services must be recouped by providers, it is unclear whether any change to the charging mechanisms of payment firms will avoid all potential detriments of a firm's chosen commercial model. Given this, the industry is keen to understand what elements of commercial models could be adjusted to deliver greater access or other benefits to consumers and businesses.
 - It is unclear at this time whether alternative business models are more appropriate. Indeed, we understand that the (volume variable) flat fee per transaction that Pay.UK charge for some of their payment services also presents difficulties for the commercial sustainability of some payment services, particularly the growth of open banking payments.
 - If the cost of payments is the key detriment that the PSR one member has observed that, in their experience, participation in the UK payments system is notably more costly than elsewhere, which would suggest the payment system's operating costs should come under greater scrutiny. Competition between payment services could help to deliver this cost control, under the right circumstances.
 - The mixed economy of the existing payment ecosystem includes both cost-recovery not for profit organisations and commercial entities offering different pricing models for the industry. Commercial firms have been able to build retail payment capability within both ecosystems (with reference to both Google and Apple pay, as well as PayPal). UK Finance is not in a position to review its members' pricing models and the potential impacts that

changes to these models could have on the industry in detail and it is not clear how the PSR's strategy will handle such analysis moving forward.

- The practicalities of offering payment services necessitate costs. The resilience and reliability of infrastructure in payment services is paramount to ensuring that a safe and reliable service can be provided to consumers and avoid the loss of availability which can have a significant impact on vulnerable individuals.
- Additionally, we note that there is a significant product offering gap between interbank payment mechanisms and other 'point-of-sale' payment methods, such as cards. The PSR's comments on the specialism of certain payment methods to particular market segments or types of payments are apt. If the interbank systems were to provide greater competition in 'point-of-sale' use cases, we would expect there to be some degree of uplift in services, such as supporting refunds and other dispute resolution mechanisms. This would come at a cost to the market.
- This is not to say it is impossible to configure a sustainable level of protection for some interbank payments but it needs to be tailored to reflect the optimum service, risk and cost balance and would not necessarily emulate protections on cards, for example.
- Further innovation, such as the delivery of the NPA and the implementation of new forms of digital money could help to deliver a greater variety of payment options to the market and we expect that additional products and services will be built by industry participants to take advantage of these.

Ensure the renewal and future governance of the UK's interbank payment systems supports innovation and competition in payments

FRP#	FRP Recommendation
10	UK Finance will work with its members and Innovate Finance to establish a Taskforce to explore use cases and develop views on standard frameworks that could support interoperability. The industry will input into the Department for Culture Media and Sport's Digital Identity Trust Framework taking into account the wider regulatory and legislative agenda (including data privacy and cyber security considerations) to help ensure the Framework delivers for payments and financial services providers.
11	UK Finance will continue to work with industry stakeholders and regulators in 2021 to consider how to enhance and adjust Strong Customer Authentication (SCA) to further reduce digital fraud and enhance the payment experience outcomes while encouraging innovative approaches to deliver this.
12	UK Finance will work with members to consider mechanisms to improve data sharing within and beyond the financial services sector. This includes the sharing of data in real-time to help identify threats to customers and the industry. This can only be achieved through an appropriate legal and regulatory framework provided by government and regulators.
16	UK Finance has established a cross-industry group to consider opportunities for coordinating the development and governance of payments standards across inter-bank, cards and Open Banking; with appropriate consideration of the international standards landscape.

18 The industry will work with the Open Banking Implementation Entity, UK Finance, Pay.UK, the Bank of England and other stakeholders to ensure that the Open Banking API standards are developed in line with wider adoption of ISO 20022. The aim of this work is to support a wide range of payment types and ensure interoperability with underlying payment formats.

21 Further collaboration with industry, government, the Bank of England and other stakeholders on the possible use cases for Central Bank Digital Currency in payments including exploring what functionality it would deliver as well as how the build and run costs would be met.

- As our Future Ready Payments 2030 report outlined, there is much that can be done to ensure that payment systems are efficient and commercially sustainable and we invite the PSR to consider how the innovative elements of this vision can be articulated in a positive and constructive method.
- We agree with the PSR of the transformative power of common and open standards supporting interoperability. We noted in our response to the previous question UK Finance's own work to collaborate with Pay.UK and other infrastructure providers, such as SWIFT, the Bank of England, Mastercard and Visa. Our expectation is the work of the UK Finance Standards Strategy Group will be one of many ways by which the industry can collaborate and co-ordinate on important initiatives where market buy-in can be established.
- We noted in our opening remarks the concerns our members have of the PSR appearing to prefer the activities of Pay.UK as delivering change to the payments' ecosystem. There are stakeholders beyond Pay.UK who will be able to assist the industry in delivering an efficient and commercially sustainable payments ecosystem. We believe that the PSR's lack of reference to entities such as the OBIE, the Bank of England, infrastructure providers, the vendor community and members of the payments ecosystem that offer the commercial services that the nation relies upon is concerning and should be adjusted.
- While we are supportive of the PSR's objectives that the NPA is appropriately funded and that Pay.UK has sufficient autonomy to support market investment in innovative services, a common concern for our members is how the ongoing costs of the NPA can be appropriately controlled. We believe that any structural change to Pay.UK should be accompanied by mechanisms that ensure that the primary funders of any innovation, whether they be primary users of Pay.UK or participants engaged in other funding formats, have opportunities to test the level of investment that Pay.UK are making into specific product areas. Transparency and improved communication with stakeholders is needed. We appreciate that this perspective is represented in the PSR's latest consultation on the NPA.
- Our members have noted that further industry engagement on changes to the governance and enforcement capabilities of Pay.UK will be required to ensure that these changes deliver beneficial outcomes for the industry, consumers and businesses. Members wish to be assured that the PSR's intention for Pay.UK is to maintain its role within the industry as an independent and self-determinate organisation.

4. Do these strategic priorities provide clarity on the choices we make, and especially on why and when we choose to intervene? Please explain why or why not.

- We have noted in our response to the previous two questions areas where we believe additional clarity can be provided on the choices that the PSR makes.

- We expect that the PSR will continue to consult on their activities and be open to alternative means to achieve its outcomes.
- As previously noted, we expect the PSR to continue to collaborate and work with other regulators and industry bodies. A greater articulation, and transparency, of the management of competing regulatory priorities is also considered beneficial to the industry. Regular publication and updates of the Regulatory Initiatives Grid by the UK authorities is a welcome development in this space.
- We observe that the PSR has priorities which support the implementation of competition within the payment ecosystem but has not specifically outlined any outcomes or priorities in relation to pursuing its statutory objective to promote innovation. While the competitive market can sometimes be much more effective at pioneering innovation than regulators, we welcome the PSR's consideration about how this objective may be considered within their strategy.
- Some members have noted their concern that the PSR has not included elements of its strategy to support its engagement on data sharing and cross-border payments. The FSB's recently closed consultation on targets for enhancing cross-border payments envisioned a deadline of 2027 for changes to be made. It is likely that these will need to be assessed and progressed within the PSR's five year timeline.

5. Do you think the measures we propose will help us to assess whether we are achieving our strategic priorities? Please explain why or why not.

- A number of the PSR's measures for success involve the collation of data from the industry. This response has already articulated the industry's concerns that the PSR consider carefully its data collection strategy in order to reduce the impact on industry participants of multiple and changing information requests.
- Further, given that UK Finance support a great deal of data collection and analysis for the payments industry, we exhort the PSR to consider actively the ways in which existing data sources may be utilised and the way that the aggregated results of any data collection may be released to all industry participants to support beneficial business outcomes for consumers and businesses.

All users have access to payment services that meet their needs in terms of functions, quality, cost and other relevant factors

- We believe that the PSR could monitor the use of all payment options available to customers to understand the rate of transactions for each payment method and, in order to identify opportunities for collective savings, establish objective and proportional thresholds to begin discussions to outline the potential wind-down of infrastructure and alternative methods to support customers to make payments in the ways that they want to.
- Where relevant, we believe the PSR will need to consider the acceptance of different payment methods within these thresholds, which may mean it is required to source data and input from outside of its regulatory activities; for instance, commercial acceptance of cash is not an item that financial institutions can influence and is key to the ongoing supply and demand of cash.
- We noted previously concerns that the PSR will not understand what user needs exist in relation to payment services. We welcome the PSR's consideration of how it can understand both the expectations of end-users as well as the potential cost and commercial impacts of meeting those needs within a competitive market.

- The commercial market is an excellent tool for understanding what services consumers value enough to pay for; or, conversely, what services commercial organisations are willing to provide to consumers to acquire their custom. The opinions of policy professions, within and without the PSR, may not always align to the primary concerns of businesses and consumers. We believe good market data, a sensitivity to new trends and a discursive approach with industry to their interpretation will help to deliver accurate market perspectives to the PSR.

Users' interests are adequately protected when using payment systems so that they can use systems and services with confidence

- We consider that, while valuable data on the number of APP scams is available to the industry, considerations on the wider impact of consumer protections, and the industry's fulfilment of this, is harder to define. While qualitative surveys can be helpful to identify potential areas of investigation, quantitative data is often required in order to fully justify changes.
- We recommend that the PSR investigate more thoroughly the current use of wider customer protections within financial services and within retail commercial environments. We believe this will be an important basis on which to base further development of consumer protections proposals by the industry.

Payment systems are designed and operated to enable effective competition in the provision of payment services

- We believe that the payments ecosystem exhibits many of the hallmarks of an active and competitive ecosystem. What the PSR use to measure relative market shares, and the parties which competitive markets serve will be important aspects to consider. We recommend that the PSR publish more detailed outlines of what they consider to be the key measures of market concentration and what parties could be negatively impacted by high market concentration.
- We expect that the PSR will respond dynamically to changes in the distribution of payment methods, look to gain data when relevant on the use of new forms of digital money and seek data on payment use cases that operate above the clearing schemes that it oversees.
- Our view is that market concentration metrics are only partially effective at revealing positive and negative outcomes for consumer and business end users and that this perspective should be factored into the interpretation by the PSR of market figures.

Payment systems are efficient and commercially sustainable

- While the proposed measure of Pay.UK's rule changes could provide insight into the ongoing development of the interbank payments systems, similar measurements of other payment services and enablers could be made. For instance, the level of changes in the cards' ecosystem could be measured to understand their effectiveness in adjusting to new market demands. It is unclear why the PSR are measuring only one piece of payment market infrastructure.
- In any case, the measurement of change in rules may not always correlate to benefits to end users, or delays in changes to ongoing consumer detriment. We recommend that such measures be collected as indicative measures only.

6. What other criteria do you think are central to measuring our effectiveness and should those complement or replace those we propose in this document?

- Some members have suggested that the PSR should monitor its cost, size and responsibilities alongside its effectiveness. It has increased substantively in size since establishment while its responsibilities have remained static or, in the views of some of our members, declined. We welcome the PSR's consideration of its internal efficiency, and how its resource is best deployed to meet its policy objectives.
- The PSR should consider the impact requests for data have on the industry. Our members have flagged to us occasions where they have been subject to multiple versions of the same data requests and where data requests have changed without clarity on what the additional data is delivering to the PSR's analysis.
- The PSR could also look beyond the UK to consider market trends holistically and to provide a benchmark.

7. Do you know any existing sources of data we can use to assist our metrics?

- UK Finance remain committed to ensuring that the industry and regulators have appropriate data to support the collective decision making of the industry for the benefit of all market participants.
- As and when additional data sources become available to us, we look forward to engaging with the PSR to allow these

Annex: PSR Strategy and Future Ready Payments Recommendations Comparison

Outcomes	Priority	Actions to meet this priority	FRP#	FRP Recommendation
All users have access to payment services that meet their needs in terms of functions, quality, cost and other relevant factors	Ensure users have continued access to the payment services they rely upon and support effective choice of alternative payment options	Make sure the arrangements are in place to support the development of new services that meet users' needs	3	The industry will continue to, within the context of an already highly innovative and competitive market, to actively enable new digital services, methods of payment and other innovation that meet the evolving needs of all end-users in the UK.
		Ensure that our approach to the regulation of any newly designated payment systems is robust and proportionate		
		Make sure we understand and take account of the perspective of vulnerable consumer groups towards new ways of paying and the choices available to them	2	Supporting customers - The industry will further explore potential customer journeys that might enable more consumers to benefit from digital payments and identify any opportunities to take collaborative action to address them.
			8	A key ambition for the industry over the coming years will be to promote customer access to digital payments. The industry will work together where necessary to identify opportunities to enhance digital inclusion for its customers and address any issues.
			9	In order to achieve our vision for digital payments, the industry will consider ways in which to support existing initiatives and research on digital inclusion to ensure a coordinated and transparent approach to identifying and understanding consumer needs.
		Ensure that regulatory approaches are aligned between regulators, and the division of responsibilities is clear	22	The Regulatory Initiatives Forum should continue to develop the Regulatory Initiatives Grid (RIG) to provide the industry with a pipeline of planned interventions. It should reduce regulatory overlap and clarify the respective roles of each regulatory body, including which takes the lead where shared responsibility for initiatives continues. To promote alignment with industry initiatives, it is important that the government and regulators clarify and confirm what they want from the payments industry through HMT's Payments Landscape Review and Future Regulatory Framework (FRF) Review, as well as the PSR's strategy.
			23	The government should extend to payments regulators its FRF Review proposals for a clear allocation of responsibilities between Parliament, HMT and regulators, with the latter subject to enhanced transparency, scrutiny and accountability. We believe this model will make the most of independent regulators' expertise and flexibility in setting regulatory standards while at the same time ensuring they take full account of broader public policy issues and priorities when designing those standards.
			24	A coherent, future-proofed framework should subject the same activities and risks to the same regulation - with the same consumer protection - irrespective of the nature and legal status of the service provider.
		Continue to protect access to cash for those that rely on it	1	The industry will continue to work with regulators, government and key stakeholders to ensure that cash remains free and widely accessible for those personal customers that continue to need it.
		Support and protect competition, given its potential to fulfil user needs	3	The industry will continue to, within the context of an already highly innovative and competitive market, to actively enable new digital services, methods of payment and other innovation that meet the evolving needs of all end-users in the UK.

Outcomes	Priority	Actions to meet this priority	FRP#	FRP Recommendation
		Continue to promote a range of options for payment service providers to access payment systems	20	Payment market infrastructure providers to continue setting clear standards and utilising modern connectivity technology, such as the use of cloud services and APIs, in order to ensure that future developments align with
Users' interests are adequately protected when using payment systems so that they can use systems and services with confidence	Ensure users are sufficiently protected when using the UK's payment systems, now and in the future	Develop governance of the interbank rules, with a view to giving Pay.UK a stronger role to lead the development of protections (and other conduct rules), coordinating its participants where necessary	4	We would encourage the regulators to provide leadership and coordination to ensure policy initiatives deliver the right outcomes for consumers and businesses, and avoid unintended consequences, through a framework that will
			5	Undertake further work, including via Pay.UK's Consumer Protections Working Group, on potential enhanced protections for different business models and journeys and across different payment types. This work will include how protections are funded. We expect this activity to be in support of the work the PSR are planning in this area.
			6	The industry will further promote customer education and other possible actions to improve awareness of current payment protections. Industry players should understand and consider the societal differences in users of payment types, and consumer confidence to seek a refund, including identifying the barriers to educating customers on protections at the point of transaction.
			7	Pay.UK will continue its tracking of international markets, to identify any accelerators or barriers to the take up of real-time customer-to-business payments, as well as alternative approaches to consumer protection. This research can help inform its policy work to explore if, and how, Pay.UK can use its rules and standards to enhance consumer protections.
Payment systems are designed and operated to enable effective competition in the provision of payment services	Promote competition in markets and protect users where that competition is not sufficient, including a) between payment systems within the UK and b) in the markets supported by them	Shift our focus to promoting competition between payment systems	3	The industry will continue to, within the context of an already highly innovative and competitive market, to actively enable new digital services, methods of payment and other innovation that meet the evolving needs of all end-users in the UK.
			20	Payment market infrastructure providers to continue setting clear standards and utilising modern connectivity technology, such as the use of cloud services and APIs, in order to ensure that future developments align with
		Support and develop the interbank systems to provide greater competition	20	Payment market infrastructure providers to continue setting clear standards and utilising modern connectivity technology, such as the use of cloud services and APIs, in order to ensure that future developments align with
			14	Regulators, central banks, and industry bodies to support global initiatives to enhance cross border liquidity management.
			15	The Bank of England and industry, with the support of UK Finance, should continue existing work to improve liquidity efficiency in the renewed UK payment systems. They should also explore potential further innovations in the future including options for improving liquidity efficiency between and across multiple payment and securities settlement systems.
		Consider the need for us to regulate in order to protect consumers and businesses if other measures are not producing the competition outcome we seek		

Outcomes	Priority	Actions to meet this priority	FRP#	FRP Recommendation
Payment systems are efficient and commercially sustainable	Ensure the renewal and future governance of the UK's interbank payment systems supports innovation and competition in payments	Ensure that funding is adequate to enable Pay.UK to fulfil its objectives, and that funds are allocated in a way which supports and promotes innovation and competition in overlay services.		
		Ensure requests for new APIs or the introduction of new functionality into the core infrastructure are assessed appropriately and resources assigned to their development	10	UK Finance will work with its members and Innovate Finance to establish a Taskforce to explore use cases and develop views on standard frameworks that could support interoperability. The industry will input into the Department for Culture Media and Sport's Digital Identity Trust Framework taking into account the wider regulatory and legislative agenda (including data privacy and cyber security considerations) to help ensure the Framework delivers for payments and financial services providers.
			11	UK Finance will continue to work with industry stakeholders and regulators in 2021 to consider how to enhance and adjust Strong Customer Authentication (SCA) to further reduce digital fraud and enhance the payment experience outcomes while encouraging innovative approaches to deliver this.
			12	UK Finance will work with members to consider mechanisms to improve data sharing within and beyond the financial services sector. This includes the sharing of data in real-time to help identify threats to customers and the industry. This can only be achieved through an appropriate legal and regulatory framework provided by government and regulators.
			18	The industry will work with the Open Banking Implementation Entity, UK Finance, Pay.UK, the Bank of England and other stakeholders to ensure that the Open Banking API standards are developed in line with wider adoption of ISO 20022. The aim of this work is to support a wide range of payment types and ensure interoperability with underlying payment formats.
			21	Further collaboration with industry, government, the Bank of England and other stakeholders on the possible use cases for Central Bank Digital Currency in payments including exploring what functionality it would deliver as well as how the build and run costs would be met.
		Support developments to Pay.UK's governance of the interbank rules so it has greater ability to enforce compliance with its rules and changes in those rules that improve outcomes.		
		Support and promote coordination between payment system participants where we think it is needed but not happening.	16	UK Finance has established a cross-industry group to consider opportunities for coordinating the development and governance of payments standards across inter-bank, cards and Open Banking; with appropriate consideration of the international standards landscape.