**PAYMENTS STRATEGY SPRINT 2 QUESTIONS**

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| **Submitted by:** |  |
| **Company name:** |  |
| **Choose one of the following:** ASPSP/TPP/TSP OR OTHER |  |
| **Contact Details:**  email & mobile |  |
| **Permission to share submission with the Committee** | Please confirm with either YES or NO |
| **Non-confidential version attached** | Please confirm with either YES or NO |

We welcome evidence-based responses to the questions posed by the Joint Regulatory Oversight Committee (Committee). Please complete your responses in Word.

Written submissions will not be attributed to you, your firm or association and will be presented in any report on an anonymous basis unless otherwise requested by the contributor.

Please indicate above if you are happy for your submission to be shared with Committee members. If appropriate, please provide a non-confidential version for sharing.

**Please focus your responses on those questions for which you have relevant evidence. It is not necessary for you to respond to all of the questions.**

**The deadline for the written submissions is close of business on Wednesday, 9th of November.**

**Section 1 - What do we need more evidence on ?**

**QUESTION 1.1**

There is a need for evidence and data in relation to Open Banking payment success under different value and use cases, as well as data identifying reasons behind payments not going through.

1. What metrics and data in relation to payment success should be collected?
2. Who should provide this data – Banks / TPPs / Both?
3. How should this be operationalised, including who should take this forward, in the short-term and on an ongoing basis as open banking+ develops?
4. Should this insight be shared across ecosystem and what is the best way to do this?

**Response**

**QUESTION 1.2**

Possible / perceived level of fraud risk was highlighted as key barrier to adoption for priority use-cases, including high-value payments, non-sweeping VRP and retail transactions. We have asked the data sprint to outline the data points that TPPs and ASPSPs would need to provide to enable us to form a better view of the state of play today and case studies for where fraud has taken place. We would welcome the payments sprint attendees to provide key data points, case studies and vulnerabilities.

**Response**

**QUESTION 1.3**

1. What is needed to make open banking payments a viable business case for banks?

**Response**

1. To what extent does the fixed fee for Faster Payments make open banking payments more expensive for retailers than card payments, and how much of a problem is this?

**Response**

1. If any, which aspects of the commercial model require regulatory intervention?

**Response**

**Section 2 - What can we do in the short-term?[[1]](#footnote-2)**

**QUESTION 2.1**

What are the short-term solutions to enable high value payments to be made consistently through open banking? What are the costs and benefits associated with those and what are the challenges to implementation for ecosystem participants? The FCA clarified that firms should not discriminate against open banking and ASPSPs are expected to allow each customer to initiate a payment via a PISP to at least the same level of functionality that is available to a customer if they initiate a payment through direct channel(s).

**Response**

**QUESTION 2.2**

Sprint 1 identified three ways in which the ecosystem could provide additional payment certainty to PISPs and merchants.What are the pros and cons of each of these three options? What are the implications on development timelines?

1. Enhanced payment status messaging.

**Response**

1. A new functionality in which a payment is either initiated immediately or not at all.

**Response**

1. A new functionality in which a PISP is able to obtain a payment guarantee, with settlement occurring later.

**Response**

**QUESTION 2.3**

We have asked the ecosystem sprint to consider error messages and in particular the additional fields needed and the costs associated with those. From a payments perspective specifically, please highlight if there are any messages of particular importance.

**Response**

**QUESTION 2.4**

1. Are there any non-sweeping VRP use-cases which ASPSPs could accept without further standards being in place and MLAs (e.g., covering protection)?

**Response**

1. What are the costs and benefits associated with the different options to enable VRP to develop further proposed by members, namely regulated fee cap or pricing model, requirement for all to develop non-sweeping VRP, treatment under faster payment as single payments, etc?

**Response**

**QUESTION 2.5**

For purchase risk disputes should the ASPSP be the first point of call (as is the case under the payment services regulations)?

**Response**

**QUESTION 2.6**

Some respondents talk through the need to develop solutions for batch and multiple payments, in particular for SMEs.

1. Is this a priority and what are the associated pros and cons of enhancing the standards?
2. If so, how can this be done practically?
3. Are additional standards needed and how quickly could it be developed?

**Response**

**Section 3 - What are the longer-term[[2]](#footnote-3) changes ?**

**QUESTION 3.1**

We have asked the data sprint to consider fraud data sharing and transaction risk indicators, costs and benefits associated with adopting these solutions and the specific data field that would be needed to be shared. Are there specific elements in relation to payments that you would like to highlight?

**Response**

**QUESTION 3.2**

We have asked the ecosystem sprint to consider multilateral agreements and the different options proposed by members. Is there anything different, specific, more urgent for payments that you would like to emphasise? And what is the key payment use case that should be prioritised? For example, should non-sweeping VRPs be the initial focus?

**Response**

**QUESTION 3.3**

Where should liability for the different types of dispute lie (Banks, TPPs, merchants or consumer, a mix)?

1. Bankruptcy protection
2. Breaching sales contract (e.g. goods not received, or not as described)
3. Fraudulent merchant
4. Other (please give examples)

**Response**

**Section 4 - Which actor(s), including the Future Entity, should play a role in operationalising the items outlined (in Sections 1-3)?**

**QUESTION 4.1**

What is the role of the future entity in supporting ongoing evidence collection (outlined in section 1) and the delivery of any of the changes highlighted under the short term and long term categories (sections 2 & 3)?

**Response**

**QUESTION 4.2**

What is the role of Pay.UK in supporting the delivery of these changes, i.e., are changes to the clearing and settlement infrastructure required?

**Response**

**QUESTION 4.3**

What are the roles of industry and regulators in operationalising evidence collection and the delivery of the proposed solutions for payments?

**Response**

**QUESTION 4.4**

What is the role regulators should play? Where is regulatory intervention required and what type of intervention is required?

**Response**

**QUESTION 4.5**

What in your view are the top 3 short term priorities and top 3 longer term priorities to be addressed in a roadmap for the future development of open banking+ payments? What would be reasonable timeframes for these to be achieved?

**Response**

**APPENDIX – SUPPORTING EVIDENCE PAYMENT STRATEGY SPRINT 2**

Where you wish to provide supporting evidence, please embed these or provide the links to them below. Please do not email them as attachments.

1. “Short-term” is defined as 12- 18 months [↑](#footnote-ref-2)
2. “Long-term” is defined as 18+ months [↑](#footnote-ref-3)