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# IPL

 **PAYMENTS**  
**COUNCIL**

## National Payments Plan 2011 Consultation

30 June 2011

**IPL** intelligent business

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## Contents

1	Introduction.....	1
1.1	About IPL.....	1
2	Executive Summary.....	1
3	IPL Response.....	2
4	The Authors.....	16

## 1 Introduction

### 1.1 About IPL

IPL is an enterprise-level software and IT services company specialising in the creation and support of intelligent business systems that underpin our clients' critical business processes. Bridging the gap between business and technology, IPL applies world-class consultancy and unrivalled engineering skills to deliver innovative and dependable ICT solutions in the payments space and beyond.

These exceptional services, executed to the highest standards, are delivered to high profile clients across the Financial Services sector.

Based in the city of Bath, IPL employs circa 280 SC and DV cleared staff and has a turnover of £28M p.a. IPL is an ISO 27001 Information Security accredited organisation, and has held ISO 9001-TickIT accreditation continuously since 1992. Quality and security is at the heart of all we do and is reflected in our prestigious client list. Please visit [finance.ipl.com](http://finance.ipl.com) or contact [finance@ipl.com](mailto:finance@ipl.com) for further information.

## 2 Executive Summary

Payments form an essential element in all of our lives. They underpin the UK (and wider global) economy and it is essential that they are robust, reliable, trusted and accessible to all. Since the National Payments Plan was first published in 2008, there have been some considerable changes in the services available; in consumer behaviour; and to the pace of life in general. It is essential that our payments systems evolve to meet these changing requirements without compromising their availability and/or integrity.

IPL believes the pace of change and innovation will accelerate, with new entrants to the marketplace looking to fill gaps in services not currently provided by the main stream banks and payment providers. On-line and mobile technologies will doubtless play a major part in these changes, along with other emerging technologies. We are already seeing the wider adoption of near field communication based methods and the emergence of mobile wallets and other e-money based services.

Pricing will continue to be a significant driver in consumer behaviour and the uptake and adoption of new payment methods. However, convenience and the breadth of adoption also factor strongly. After all, nobody wants to have a separate e-wallet for the train, bus, supermarket, coffee shop and so forth. In time, once trusted and universally accepted, such services may start to replace cash as the payment method of choice, but only if such technologies are available to all with low entry barriers for small businesses, sole traders/service providers and small retailers. While the demise of cash is probably some time off, it is clear that we can expect to see substantial changes over the coming years, with a period of growth followed by consolidation

Regulation both from within the UK and from the EU is another significant driver of change. Payments providers require agility in their systems and processes to adapt to changing compliance requirements.

The Payments Council has a vital role in shaping the strategic direction of the evolving payments landscape and ensuring a collaborative approach is adopted by all of the players in the Payments arena. They must ensure that all user groups are represented, and specific group's needs and requirements are understood. And most importantly that innovation and change doesn't compromise the operational efficiency or integrity of the payment services in the UK.

IPL is pleased to respond to the Payment Council's consultation for the 2011 Review of the National Payments Plan.

### 3 IPL Response

<p><b>Question 1</b></p>	<p><b>Where do current payment methods and delivery channels fail to meet the requirements of consumers that may be considered disadvantaged in terms of their access to and use of payment services?(e.g. rural consumers, disabled consumers and people without bank accounts).</b></p>
<p>Response</p>	<p>IPL believes that most consumers are reasonably well served by today’s payment methods – although there are inherent disadvantages that manifest with some, for example cheque clearance times are slow compared to other payment methods. Similarly today’s payment methods serve disabled customers and those with special needs, and their advocates reasonably well e.g. signature stamps, and chip and signature (compared to chip and PIN) cards are all established solutions.</p> <p>However, many of these groups rely on access to branch networks (or post-office counters) to make payments and have therefore been affected by the retrenchment of the main banks rural branch network, (and post-office closures). Rural customers may therefore have an increased reliance on the postal service.</p> <p>The provision of Basic Bank Accounts means that very few consumers will not be able to open a current account; and the services offered from the Basic Bank Accounts have improved in recent years, with many providers now offering EPOS enabled Payment Cards rather than simply an ATM card. We feel that all providers should be encouraged to offer these facilities on their Basic Bank Accounts.</p> <p>Where consumers don’t have access to a current account, it would be advantageous for providers to provide payment services (such as Direct Debits, Standing Orders and Bill Payments) from other account types – for example savings accounts.</p> <p>Where rural branches have been closed, technological improvements and innovation could assist disadvantaged groups in rural communities. For example improved / enhanced ATM services and enabling greater access to payment services in shops and other service providers such as post-offices. Web based video conference facilities, and on-line instant messaging can also provide “human contact” required by certain groups, although it should also be remembered that provision of broadband internet may be lower in rural areas, and not all groups are comfortable with this channel. We feel therefore that telephone banking services are very important in ensuring the provision of service across the widest possible consumer base – and technological innovation should and can improve this channel as suggested by our responses to later questions.</p>
<p><b>Question 2</b></p>	<p><b>What action is needed to ensure that these requirements are adequately addressed?</b></p>
<p>Response</p>	<p>It is important that the Payments Council consults as widely as possible and in a format that encourages the widest possible response from these groups and the organisations that represent them.</p>

<p><b>Question 3</b></p>	<p><b>Is there any additional action the Payments Council should be taking to make payments work better for:</b></p> <ul style="list-style-type: none"> <li>– Charities and voluntary organisations?</li> <li>– Small and medium-sized businesses?</li> <li>– Large corporates, public sector bodies and government departments?</li> </ul>
<p><b>Response</b></p>	<p>The Payments Council has taken the correct stance with regards to pricing by regarding pricing policies as outside of its scope – however it must do everything possible to ensure the widest possible competition to drive down prices of payment methods, particularly for consumers (including “disadvantaged groups” referred to above), charities, voluntary organisations and small businesses.</p> <p>Similarly it is important to encourage the removal of entry barriers wherever possible and to ensure the specific needs of all payment users are well understood by existing and “new to market” payments service providers.</p> <p>The work the Payments Council has performed in identifying user group requirements for cheque payments is an excellent example; IPL would like to see these requirements published along with user’s criticism and concerns with all current payment methods. We believe this will help the industry (including innovative entrants) to ensure the widest possible uptake of their services and to address specific user group concerns and issues with current methods and to avoid them with new ones.</p>
<p><b>Question 4</b></p>	<p><b>What else, if anything, do you think we should be doing to inform users about current payment methods?</b></p>
<p><b>Response</b></p>	<p>The FSA publishes a range of leaflets and advice on money matters under their “Money Made Clear” brand. The Payments Council could consider doing something similar e.g. “Payments Made Clear” and distribute these through banks and other financial institutions. Such literature could also be made available to the public through channels such as Libraries and on-line via the Payments Council’s and consumer groups (e.g. Citizens Advice Bureau) websites.</p> <p>The Payments Council could also engage with schools and educational authorities to help educate children in payment methods, perhaps making a range of educational resource materials available (possibly in collaboration with payment providers provided the Payments Council maintained editorial control).</p>
<p><b>Question 5</b></p>	<p><b>What should the balance be between Payments Council led and bank-led educational initiatives on payment options?</b></p>
<p><b>Response</b></p>	<p>The Payments Council should work with Banks (and other Providers) to develop “the message” – ultimately the Payment Council must retain editorial control of the content. It should for example ensure that fair representation is given to all payments methods, including those not offered by all Banks and Building Societies.</p> <p>The Banks should be one of the channels for the distribution of the message; some others have been mentioned in our responses above.</p>

<p><b>Question 6</b></p>	<p><b>The Payments Council believes that the National Payments Plan should continue to assume that cash will remain a major payment method for the foreseeable future. Do you agree?</b></p>
<p>Response</p>	<p>IPL believes that cash will remain a major payment method in the short to medium term. Until there is an alternative that is universally trusted by all user groups, and available at no/minimal additional cost to the payer (or even at a discount as cash transactions carry a “hidden cost” to the receiver) cash will continue to be widely used. Especially for certain (typically low value) transactions and to providers of goods and services where current alternatives are not cost effective.</p> <p>In the medium to longer term, if (when) a convenient secure and universally acceptable (for payee and payer) payment technology is available, behaviour will change. Technological innovation (cost and/or convenience) will change attitudes and ultimately behaviour. This is unlikely to happen until the solution is widely adopted; no one wants to carry multiple e-wallets for use with different services and retail outlets.</p>
<p><b>Question 7</b></p>	<p><b>What can be done to extend the acceptance of plastic cards, particularly in non-traditional sectors, such as mobile/sole traders?</b></p>
<p>Response</p>	<p>Entry costs (for card terminals) and pricing models have historically been prohibitive for these groups – innovation could be used to offset these costs. For example added value services provision, advertising and loyalty deals will help. Another possibility could be the use of mobile devices to receive payment via NFC enabled cards.</p> <p>The industry could also look at other barriers to entry such as the process and requirements of being accepted by a transaction acquirer.</p>
<p><b>Question 8</b></p>	<p><b>What other steps, if any, can be taken to make plastic cards more accessible and better able to meet consumer needs?</b></p>
<p>Response</p>	<p>Card services could be rationalised (allowing loyalty cards, membership cards, and even travel tickets/services) to be combined. This could be extended to the “mobile wallet” and reduce the need to carry so much in the consumer’s physical wallet.</p> <p>From a scheme perspective further steps could be taken to empower the consumer (payer) over the payee. An example would be to change the payment card continuous authority terms and conditions to be more akin to direct debits and allow the payer to revoke the authority via the card provider, and/or introduce a guarantee scheme similar to the Direct Debit guarantee.</p> <p>For consumers worried about fraud, providers could allow for tailored restrictions to be imposed. For example, maximum transaction limits, daily maxima, geographical and or merchant type restrictions etc.</p>

<b>Question 9</b>	<b>What challenges do you think users face in relation to Direct Debits and what changes, if any, do you think should be made as a result?</b>
Response	<p>The facilities provided by Direct Debit payments are a useful way for consumers to make regular payments of varying amounts as required by the recipient of the payment.</p> <p>However, some groups of consumers feel that too much control over the amount being transferred is held by the recipient, and this prevents these customers from trusting the Direct Debit service.</p> <p>Additionally, too few consumers are aware of their rights under the Direct Debit guarantee.</p>

<b>Question 10</b>	<b>Are there any innovations in Direct Debits which would benefit all users or particular groups of users?</b>
Response	<p>As a number of utility and other service providers give a discount to consumers who pay by Direct Debit, the majority of consumers would benefit from paying one or more of their bills using this payment method.</p> <p>Additionally, those who have difficulty performing individual payments due to disability or life in rural locations can benefit from the convenience of a one off setup to make regular payments.</p> <p>By improving consumer knowledge, confidence and trust in Direct Debits, it is hoped that more consumers would be able to benefit in these ways.</p> <p>Knowledge can be improved through extended literature and education, but innovation is required to improve consumer confidence and trust. One option would be to extend the Direct Debit Instruction (agreement) to provide greater control to the consumer, for example: to set an agreed maximum amount or a variance (which might be nil) before which a new or updated DDI must be made.</p> <p>Banks could do more to empower the consumer by making the DDIs available and modifiable by the customer (e.g. through on-line channels) allowing the consumer to vary these new features such as the maximum amount, the end date for the agreement etc. Better visibility of a consumer's past (and likely future) payments calendar showing payment dates would also be of benefit to the consumer.</p> <p>Some more innovative suggestions (that might not be acceptable to all originators) might be to allow a consumer to vary the payment date (perhaps allowing for a delay of one or two days), or to build in a payment discounts (similar to the utility discounts offered on a piecemeal basis) or to award "loyalty points" or other incentives to encourage wider adoption.</p> <p>As mentioned previously, this payment method could be offered from an increased range of account types, including Savings Accounts.</p>

<p><b>Question 11</b></p>	<p><b>What enhancements to the Faster Payments Service would be of benefit to customers?</b></p>
<p>Response</p>	<p>IPL believes that the current scheme is well defined and set up to serve the needs of consumers. The issues with this technology at present are largely due to the ongoing transitional implementation underway by the Banks meaning that:</p> <ul style="list-style-type: none"> <li>• Consumers are unclear about the limits associated with the payments; these differ between banks and even within the bank depending on whether the payment is a one-off payment or regular Standing Order. In all cases they are currently an order of magnitude below the scheme limit of £100,000. Consumers may also be confused about the effect of (typically different) limits at the receiving bank – not understanding that the limits are for outbound rather than inbound payments.</li> <li>• Consumers are unclear about whether a payment will be a faster payment or will fall-back to the standard BACS timescales.</li> </ul> <p>Doubtless PSD2012 will address some of the issues above. But in the interim, Banks could make these matters clearer for their customers and provide feedback following the payment, so that the customer understands when the payment is expected to be received.</p> <p>From an anti-fraud/customer confidence perspective, banks could introduce customer imposed limits (in addition to/rather than their own), at which two channel authentication/or SMS text alerts are made; this could be restricted to payments originating in certain channels (e.g. on-line or via telephone banking). When payments are made that breach these limits, banks could place a short term hold on the payment (before submission) allowing customers to contact their bank to stop payments (before they are sent) if fraudulent.</p>
<p><b>Question 12</b></p>	<p><b>What lessons can we learn from the introduction of the Faster Payment Service for how future collaborative payment services are introduced?</b></p>
<p>Response</p>	<p>The relatively slow uptake of the service is in part due to fraud concerns, one reason being that bank's internal fraud detection and prevention systems were not geared around the Faster Payment timescales and the increased threat this presented, particularly via 24-7 channels such as internet banking.</p> <p>As identified by the Payments Council, anti-fraud measures need significant consideration at the earliest stage and to be designed in up front for new payment methods. There is also scope for better and deeper collaboration and (real time) sharing of information on emerging fraud incidents and trends.</p> <p>Whereas banks have largely implemented their own FP solutions, there is scope for more truly collaborative and shared platform solutions to future payment innovations hosted and maintained by third parties or consortia sharing the set-up costs, and ensuring a more universal common service to agreed standards.</p>
<p><b>Question 13</b></p>	<p><b>What enhancements, if any, should be made to Bacs Direct Credits?</b></p>
<p>Response</p>	<p>BACs Direct Credits could be enhanced by applying Faster Payments technology to speed the process up, thereby reducing the lead time required.</p> <p>Real time handshaking could be employed to validate that the destination account exists, rather than waiting for the payment to bounce back.</p> <p>In conjunction with the current investigations into universal account numbers, the facility to forward payments on to a recorded forwarding account would provide a basic level of bank account number portability as an initial offering.</p>

<p><b>Question 14</b></p>	<p><b>What steps do you think might be taken to increase confidence in internet banking and in making payments by this route?</b></p>
<p>Response</p>	<p>Internet banking is increasing in popularity, but is still regarded as risky and open to fraud by some consumer groups. Providers must balance security measures against the fraud risk, ensuring that appropriate measures are in place depending on the transaction risk.</p> <p>Factors to be considered are the source used to set up the transaction, i.e. was this manual or via a “Bill Wizard” style technology matching the payer to a known and trusted list of organisations? Regularity of the payment, the target account details (i.e. a known utility company account or private 3rd party) as well as the value should all be taken into account to determine the appropriate level of security.</p> <p>Provision of a payment receipt mechanism through a different channel (mobile, email, etc) would allow users to be informed when payments are made/taken without the consumer having to manually check.</p> <p>As mentioned in earlier responses, banks could place a short term hold on payments while these receipts are sent, providing a window for the customer to contact the bank and stop payments if desired. They could also allow customers to set their own limits and determine the security measures to be adopted (including two channel authentications, RCA etc.) and/or to opt out of certain transaction types all together.</p> <p>Security might be simplified to facilitate the easier transfer of funds to other accounts held by the customer with other organisations – for example, by allowing the consumer to create a white list of payments to simplify the authorisation process when transferring payments to Savings accounts they hold elsewhere. The security employed to set up and amend this white list must be tight (for obvious reasons).</p>
<p><b>Question 15</b></p>	<p><b>What other action(s) might facilitate transactions made using internet banking?</b></p>
<p>Response</p>	<p>Internet Banking can provide a default level of access on many channels without any changes due to the fact that most "connected devices" include a internet browser e.g. Smart Phones, TV, etc.</p> <p>The development of tailored solutions for each channel, built on the foundations of the main Internet Bank, will undoubtedly make the user experience better by allowing the service provider to exploit the specific functionality available on a channel.</p> <p>The transactions available and anti-fraud measures need to be tailored on a channel by channel basis.</p>

<b>Question 16</b>	<b>What steps do you think might be taken to increase confidence in telephone banking and in making payments by this route?</b>
Response	<p>Although telephone banking is openly accessible to a large proportion of consumers, consideration must be made to the security and complexity of some operations.</p> <p>The security of telephone banking is limited by the end point verification.</p> <p>It is already accepted that as a consumer you are required to confirm your identity by providing elements of passwords, phrases and address details, but it is rare that the provider confirms who they are.</p> <p>It should be a relatively simple addition to IVR technology and to telephone advisors scripts to confirm a separate passphrase to the consumer.</p> <p>The complexity of telephone banking security can also be off putting to some consumers. By tailoring the security requirements according to the source telephone number and the familiarity of the request being made, a simplified process can be achieved for the frequent processes being carried out using telephone banking.</p>
<b>Question 17</b>	<b>What, if anything, can be done to make telephone payments more accessible to users?</b>
Response	<p>A perceived issue with telephone banking payments is that the request must go via an advisor.</p> <p>To simplify the process of performing payments, the consumer could be allowed to tailor their IVR options to include familiar instructions such as "Transfer to John", "Balance enquiry" or "Has my salary been received?"</p> <p>Additionally, from a security perspective, the consumer should be given the opportunity to opt out of certain services that they do not wish to carry out via telephone banking, such as setting up a new standing order/bill payment or making payments over a customer defined maximum limit.</p>
<b>Question 18</b>	<b>What further steps should be taken to match payments and supporting information effectively?</b>
Response	<p>The existing reference data provided with payments allows for simple cross-referencing using a single free form text field.</p> <p>While with careful use this is sufficient to correlate a payment with a specific account or customer, it does not easily allow for more specific information to be provided where multiple services or policies are provided to a single consumer.</p> <p>The obvious enhancement would be to allow for additional (optional, free format) reference fields. Such fields could for example be used to pass the required information to mark payments as "gift aid" and to allow the receiving charity to reclaim tax on the donation.</p> <p>The other side of this issue is related to how the payment receivers obtain the additional reference information. The information available on paper statements for such payments is different from bank to bank, and the payments will inevitably be interspersed with other activity on the account. Payment receivers would benefit from the availability of a standardised electronic statement (standard across the different banks) providing account and payment details to enable simple integration with billing and customer information systems as required.</p>

<b>Question 19</b>	<b>What level of information is needed for receivers of payments to identify who the payment is from and what it is for?</b>
Response	<p>It is safe to say that there is no one level of information that will suit the needs of all payment receivers, and multiple additional reference data would doubtlessly enable a more accurate correlation between the received payments and the services provided to consumers.</p> <p>However, guidance should be provided in order to ensure that only the minimum requirement is demanded in each case.</p> <p>Systemically it must be ensured that payments receivers are not demanding information for any purpose other than dealing with the payment. For example, it is likely that requesting a telephone number to be included in the payment details would be for marketing purposes, rather than referencing the payment to a consumer's service.</p>
<b>Question 20</b>	<b>What issues should the Payments Council consider in relation to the use of an alternative address for bank account details within a mobile payments bank account to bank account service?</b>
Response	<p>There are three key issues with any banking access system. These are security, usability and memorability.</p> <p>The security of the system must be robust, yet simple to use to ensure consumer's confidence and continued use of any system. The access keys (pass code, PIN etc. or some alternate system) must be memorable so consumers are able to use the system on the go, and don't need to write these details down.</p> <p>The "alternative address" used must be something that the consumer can remember, and is willing to divulge.</p>
<b>Question 21</b>	<b>What collaborative actions (if any) could be taken by the Payments Council to make a service by which payments can be made via a mobile phone more attractive to users?</b>
Response	<p>It is believed that the Payments Council are taking the correct steps to encourage the emergence and adoption of payments being made via mobile phones.</p> <p>However, along with the various financial and mobile phone organisations, a universally accepted standard must be promoted in order to prevent numerous disparate mechanisms from being developed.</p> <p>Aside from any charging structures put in place by the providers, the interoperability of solutions will be the key element in making any solution attractive to consumers and new entrants to the market.</p>
<b>Question 22</b>	<b>How would you like to see contactless mobile payments develop in the UK?</b>
Response	<p>The consumer must be at the heart of any development of mobile payments.</p> <p>Wider adoption of the technology is needed rather than the current localised usage e.g. TFL, Pret in London etc. Wider adoption of payment terminals will encourage use by consumers as an alternative to cash for low value transactions.</p> <p>Education of consumers to the availability, ease of use and security of contactless payment systems is also needed (e.g. the recent pilot undertaken by La Caixa bank in Sitges, Spain).</p>

<b>Question 23</b>	<b>What role do you think the Payments Council should play in respect of contactless mobile payments?</b>
Response	<p>As mentioned in the response to question 21, the Payments Council needs to help drive agreement of a universal interoperable framework to underpin the individual solutions being developed.</p> <p>This should include providing assistance in producing the required regulation and voluntary codes, to ensure the interoperability of contactless mobile payments. In doing so, the Payments Council must help to ensure that the system is not closed to new entrants.</p>
<b>Question 24</b>	<b>How should the Payments Council review the success of work to address standards and interoperability on contactless cards and what role should it look to play in this area?</b>
Response	<p>Ultimately, the success of contactless cards will be measured by the scale of consumer and retailer uptake and a decline in cash use for low value transactions.</p> <p>Interoperability can be measured by the convergence of the initial technologies into the use of one token instead of many (card, mobile phone etc.) by the consumer for multiple payments systems.</p>
<b>Question 25</b>	<b>Do you think that the transparency of information to consumers on prepaid cards is being adequately addressed?</b>
Response	<p>Although the individual schemes are each providing a sufficient level of information on their prepaid cards, the variety and complexity of the charging structures means that there is no simple comparison that consumers can make.</p>
<b>Question 26</b>	<b>What changes need to be made to prepaid cards to make them more attractive to users?</b>
Response	<p>The current prepaid cards on the market successfully fill a niche set of consumer requirements, in that if you need to use a prepaid card, then this option will be open to you.</p> <p>However, it is the difference between need and desire that will make prepaid cards more attractive to consumers.</p> <p>To make prepaid cards more desirable to consumers, providers will need to look to adding value over and above that provided by the alternatives.</p> <p>Prepaid cards are more secure than cash, and are more available to “high risk” consumers and the young than credit cards, but these consumers are typically being charged for their only alternative.</p>

<b>Question 27</b>	<b>How would you like to see this type of online service develop in the UK?</b>
Response	<p>Direct payments to online retailers through their checkouts with an inline Internet Banking sign on removes the insurance a consumer gets from using their credit card. It also requires education and stringent monitoring to ensure that a fraud or phishing risk is not opened. A fraudulent website could offer this payment method, and then direct the consumer to an Internet Bank sign on that harvested the consumer's details. Introduction of additional regulation to cover such payments in a manner similar to credit card payments would increase consumer confidence in such transactions.</p> <p>The main benefit is the relatively small group of consumers that have a bank account but no payment card facility.</p>
<b>Question 28</b>	<b>What role do you think the Payments Council should play in respect of this type of online service?</b>
Response	<p>The Payments Council needs to provide a regulatory and/or approval role to ensure the system develops with the consumer's best interests at heart. Security and reliability of the system are crucial to the uptake of this payment method.</p>
<b>Question 29</b>	<b>What collaborative actions (if any) could be taken by the Payments Council to make such a service more attractive to users?</b>
Response	<p>Retailers already encourage consumers to use payment methods that are beneficial to the retailer, by offering some level of discount. If the same principles were applied here it might encourage consumers to use this payment method.</p>
<b>Question 30</b>	<b>Do you have any comments on the potential development of a new pull payment scheme?</b>
Response	<p>A Pull Payment scheme has the potential to replace some cheque functionality where the payer authorises the payment, but the payee "pulls" that amount at a time of their choosing. As mentioned in earlier answers, the ability to add an agreed maximum/variance to the amount could be beneficial in some circumstances, and for some consumers.</p>
<b>Question 31</b>	<b>What are the opportunities and barriers to growing third party services like those described above and what do users want from these types of services?</b>
Response	<p>Any third party payment service needs to provide a clear benefit or added value facility to entice consumers to use the system. Without this, any organisation will face difficulty getting both merchants and consumers to adopt the system as an alternative payment method.</p>




<b>Question 32</b>	<b>How can the Payments Council best facilitate innovative developments by third party services that benefit users?</b>
Response	<p>The Payments Council could coordinate introductions to industry experts, approve or back services, as well as providing information on existing systems and relevant regulation.</p> <p>The Payments Council could also work with the Technology Strategy Board to run competitions to sponsor innovative schemes and services.</p>
<b>Question 33</b>	<b>What other payment services could be delivered through the ATM network that would be of benefit?</b>
Response	<p>ATMs could be used to top up or debit (for cash) a prepaid card or mobile device, in a similar way that most now offer mobile phone top ups. NFC enabled ATMs are an obvious extension of this (e.g. La Caixa / Sitges, Spain).</p> <p>The ability to print a pre-authorized "voucher" as one of a number of cheque replacement solutions could also be offered.</p> <p>Allowing the consumer to tailor their ATM services (menus) would provide a value added facility in a similar way to that suggested for phone banking earlier. Such tailoring would make it quicker to perform a customer's default operation and speed up customer throughput at an ATM. Without more far reaching changes, such innovation is likely to be restricted to ATMs operated by the customer's own provider.</p>
<b>Question 34</b>	<b>Are there other areas of cross-scheme integrity which we should be focussing onto maintain the integrity of payment services in the UK?</b>
Response	<p>The Payments Council should pay particular attention to the new and emerging technologies such as mobile/NFC payments, ensuring interoperability and integrity with wider systems and services.</p> <p>The adoption of standards for payments will ensure that services can be offered using tried and tested techniques, thereby increasing the integrity of any payment solution. Furthermore, collaboration with EU and other interested global authorities around payment standards would be of significant benefit.</p>
<b>Question 35</b>	<b>What further actions, if any, should the Payments Council now be considering with respect to customer authentication? To what extent do these need to be addressed across the payments sector?</b>
Response	<p>The Payments Council should ensure that authentication standards adopted by the industry conform to minimum standards.</p> <p>However, it is not a bad thing to encourage diverse and differing approaches as this ensures that the breaking or compromise of the authentication method for an individual's account with one provider does not automatically allow the fraudsters access to that individuals accounts with other providers. Thus, having diverse methods makes it significantly more difficult for fraudsters.</p> <p>The Payments Council could consider an audit/approval role across the industry and publish results to boost consumer confidence.</p>

<b>Question 36</b>	<b>Should minimum standards be introduced for customer authentication of remote transactions? If so, should a common measure of authentication be recommended / mandated?</b>
Response	<p>While various mechanisms have been adopted including RCA and multiple channel authentication (often utilising a call-back on a pre registered telephone number or SMS message), it is important to balance usability and convenience with the fraud risk.</p> <p>Particularly while/where the provider indemnifies the consumer from fraud, we feel that this is best left to market forces, and providers will adopt what they feel to be appropriate measures.</p> <p>The Payments Council can, however, collate information on standards used, and facilitate collaboration between providers and advise (perhaps audit/approve as mentioned above) on authentication methods. In addition, the Payments Council could provide feedback from consumers as to whether they feel that authentication methods are convenient, perceived as safe, and on their usability.</p>
<b>Question 37</b>	<b>How can fraud threats associated with new technology such as mobile devices and other innovation be identified at an early stage and planned for?</b>
Response	<p>It is vital that fraud threats are considered from the inception of any new payment method/innovation, but it is also important to keep this under regular review and adapt as the fraudsters adapt and technology advances.</p> <p>The Payments Council should facilitate a wide ranging collaborative approach between payment providers, the industry and technology experts to assess fraud risks and ensure that appropriate counter measures are in place. This should be an on-going process starting at an early stage and continuing until the payment method ceases to be used.</p>
<b>Question 38</b>	<b>What part should the Payments Council playing getting other parties beyond the payments industry to the table that may be able to assist in the fight against fraud?</b>
Response	<p>The Payments Council should identify and co-ordinate such parties and facilitate meetings and conferences with payment providers. Co-hosting events with relevant organisations, user groups and trade associations (such as Intellect) is a viable approach.</p>
<b>Question 39</b>	<b>How can the Payments Council act as a catalyst for moving on the debate around sharing of information and intelligence between public and private sectors and encourage closer working?</b>
Response	<p>By providing an unbiased forum, bringing together the relevant stakeholders from within the industry, private and public sectors. Including parties to advise on legal and regulatory issues (including data protection). It is our experience that organisations often struggle to interpret regulatory and compliance requirements, and different organisations sometimes adopt different approaches. Harmonisation could help level the playing field.</p>

<p><b>Question 40</b></p>	<p><b>Is there anything that the Payments Council can do to ensure that policing of economic crime is dealt with consistently and at an appropriate level across the UK?</b></p>
<p>Response</p>	<p>Although the Payments Council does not have a regulatory function within the payments landscape, they do hold specialist knowledge that should be actively provided on a consultancy basis to help police economic crime.</p> <p>Additionally, the Payments Council should work further with consumers and providers in order to ensure that consistent levels of crime statistics are reported by all parties.</p> <p>This foundation will allow these crimes to be appropriately assessed and dealt with consistently across the UK.</p>
<p><b>Question 41</b></p>	<p><b>Are there any other areas where you feel collaborative action might be taken to improve the experience of making payments for users, or to promote integrity, innovation or efficiency?</b></p>
<p>Response</p>	<p>The user experience of making payments is currently adversely affected by a lack of knowledge and trust in the available payment methods.</p> <p>By acting as a central educational hub for all payment information, the Payments Council can help individuals address these deficiencies and chose an appropriate payment method for each situation.</p>
<p><b>Question 42</b></p>	<p><b>Is there any additional research or analysis the Payments Council should be undertaking to facilitate improvements?</b></p>
<p>Response</p>	<p>The Payments Council must maintain accurate and up to date knowledge of consumer habits, and the preferred payment methods of different socio-demographic groups.</p> <p>This information should be published openly on a regular basis to allow organisations to focus their efforts where they will be best received.</p>
<p><b>Question 43</b></p>	<p><b>Is there anything further the Payments Council should be doing to catalyse innovation?</b></p>
<p>Response</p>	<p>The Payments Council already actively researches and promotes discussion of the payments landscape in the UK.</p> <p>The results of these activities often highlight the perceived gaps and opportunities in the payments market, and it is these findings that must be clearly open to all throughout the process.</p> <p>In order to promote innovation the Payments Council must maintain an all inclusive approach to its activities, and prevent any one organisation from steering the course of UK payments for purely their own gain.</p>

Question 44	Looking across the board, what do you think the three most important priorities are for the Payments Council over the next ten years?
Response	<p>The next ten years will give rise to many challenges and opportunities to both consumers and payment providers alike. The Payments Council has positioned itself at the heart of these struggles, as both arbiter and encourager.</p> <p>IPL suggests the three key topics that the Payments Council need to focus on in the next decade are:</p> <ol style="list-style-type: none"> <li>1. To ensure the importance of the security and integrity of payments systems in the UK in order to minimise risk to consumers and providers alike.</li> <li>2. To educate consumers and providers about the variety and opportunities of the various payment systems available to them.</li> <li>3. To encourage and facilitate collaboration between providers &amp; consumers to ensure usability, standards and interoperability.</li> </ol> <p>The above priorities should be subject to regular review.</p>

## 4 The Authors

 <p><b>Jason Woodfield</b> <b>Principal Consultant</b></p>	<p>Jason graduated from Bath University in 1990 with a BSc (Hons) degree in Electrical and Electronic Engineering. He joined IPL to focus on IT having briefly worked in the automotive industry. From his experience in a wide range of industry sectors and having undertaken roles from Programmer through to Project Manager he understands the challenges faced by IT professionals at all levels.</p> <p>More recently Jason has specialised in Financial Services and has over a decade's experience helping FS clients develop and deploy leading solutions to complex business problems. He's currently helping a high street bank overhaul their core banking systems.</p> <p>As one of IPL's Banking and Finance Sector Consultants, he juggles this day job with keeping abreast of wider industry issues and family life. Away from the office he likes to spend time with his wife and children, enjoying a wide range of activities from trips to the theatre to playing in the sandpit at the local park.</p>
 <p><b>James Watts</b> <b>Consultant</b></p>	<p>Having completed a BSc (Hons) in Computer Science and Mathematics at Bristol University, James joined IPL in 1998 and since then has applied his skills to help companies from across IPLs diverse customer base to identify, outline and realise solutions to their business problems.</p> <p>James' skills and experiences have led him to specialise in the Financial Services sector providing consultancy and advice on core banking system integration and data migration. This has included taking a pivotal role in the delivery of a highly successful migration of over £8bn in customer assets for a leading high street provider.</p> <p>In his time outside of work he likes to satisfy his incredibly sweet tooth and to burn off the calories afterwards by taking long walks along remote hilltops...</p>
 <p><b>Jon Durant</b> <b>Principal Designer</b></p>	<p>Jon joined IPL in 2000, after completing an MEng (Hons) degree in Electronic and Communication Engineering at the University of Bath. Jon has worked on a wide variety of projects from mission critical embedded systems to the latest .Net systems serving modern Internet Banking websites. Jon has a keen eye for detail and often comes up with innovative solutions to the problems faced by our customers.</p> <p>Jon now works as a Sector Consultant for the Banking and Finance Sector, providing detailed technical input to proposals, bids, and other consultancy work, whilst still completing day-to-day work for one of our key customers.</p> <p>Outside of work Jon is a fully qualified Ballroom and Latin Dance Teacher and a member of the Imperial Society of Teachers of Dance (ISTD). He devotes much of his spare time to coaching and supporting the University of Bath Latin and Ballroom Dance Club.</p>