

A NEW WAY TO PAY!

New strategy launched to make UK payments fit for the 21st Century

The way in which payments are made in the UK is set to undergo the most radical change since the 1960s. This follows the launch of a new strategy to give people greater control over how they manage their day-to-day finances and help stamp out financial fraud.

In the first industry-wide initiative of its kind, the *Payments Strategy Forum*, whose members include consumer groups, businesses, fintechs, UK banks and building societies, today recommends a new way of making payments that promises greater protection and security for consumers and businesses.⁽²⁾

The Strategy gives:

- More control and assurance for consumers over how they manage their finances
- Safer and more secure banking
- Opportunities for new banks and Fintechs to compete and offer innovative services that meet the needs of tomorrow's users

The current UK payment systems are recognised as some of the most advanced and resilient in the world. Last year these systems processed around 700 transactions every second, totalling £75 trillion.⁽¹⁾ But, as banking in the UK evolves rapidly towards digital services, the existing systems present barriers for new providers and new services which means customers can't benefit from new technologies.

The Strategy proposes a key new safeguard, '*Confirmation of Payee*', to help prevent financial fraud. This will allow people to avoid sending payments to the wrong account, either by accident, or being tricked into doing so, by ensuring a confirmation of the recipient is sent to the payer before any funds leave their account.

Ruth Evans, Chair of the Payments Strategy Forum said:

'Around £755 million was stolen from UK bank accounts last year and the problem looks set to worsen as criminals become more technologically savvy. We need to address the issue head on.'⁽³⁾

'Payments are the lifeblood of the UK's economy. They underpin our daily lives, from the morning coffee we buy before work, receiving our salaries and pensions, sending cash-strapped kids loans for rent to avoid going into overdraft, to the purchase of our first home. It's important that we have the tools to protect ourselves and that we future proof our systems for generations to come.'

Another key proposal is the introduction of '*Request to Pay*'. This will allow customers to authorise a regular payment, such as a utility bill or gym membership, before the company withdraws the money from their account. This will be a huge boost to people on variable incomes who may struggle to settle their accounts at the same time each month.

Ruth Evans, continued:

'It's important that we give people more control over how they manage their money. This is especially true in the 'gig economy' as people move away from traditional nine to five jobs, and adopt more flexible working patterns.

'People's needs are constantly evolving and we must address these demands. When the internet was first launched, nobody could have predicted the extraordinary impact that widespread access to information would have on our daily lives. Our proposals have as much potential to transform the way we make payments in the decades to come.

'The introduction of *Confirmation of Payee* and *Request to Pay*, alongside our longer term solutions for a new payments architecture, will revolutionise the way we handle money, with systems that are fit for purpose in the 21st century.'

The Strategy recommends the consolidation of the governance of three payment system operators, Bacs, Cheque and Credit Clearing Company (C&CCC) and the Faster Payments Service (FPS), into a single entity to begin the process of simplification. This new entity will be responsible for implementing the centrepiece of the Forum's strategy - a new payments architecture that is simpler, more accessible and more responsive to innovation - to benefit future UK customers and businesses.

The Forum has set out a roadmap for work to start immediately that establishes the building blocks to meet the ambitions of the Forum's strategy by 2020.

To read more about the Final Strategy and the initiatives being proposed, visit the Payments Strategy Forum website [here](#).

Notes to editors

1. Source: The Payment Systems Regulator
2. The Payments Strategy Forum (the Forum) was announced by the Payment Systems Regulator (PSR) in its Policy Statement published in March 2015.

The Forum leads on a process to identify, prioritise and help to deliver initiatives where it is necessary for the payments industry to work together to promote collaborative innovation. The central focus of the Forum is to make payment systems work better for those that use them.

Currently, the Forum consists of a chair who is independent from industry and 22 members. The Forum's membership includes user representatives and payment service providers. They were appointed jointly by the PSR and the Forum chair following a public nomination process during the summer of 2015.

The Bank of England (BoE), the Prudential Regulatory Authority (PRA), the Financial Conduct Authority (FCA) and the PSR are observers on the Forum.

The PSR also provides the secretariat to the Forum.

3. Fraud statistics sourced from Financial Fraud Action UK (www.financialfraudaction.org.uk)

Media enquiries:

- David Stewart – Payment Strategy Forum Press Office
020 7066 3142
07971 182 813