Ipsos

pay.uk

Request to pay
Exploring industry views

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Contact Ipsos MORI

3 Thomas More Square
London
E1W 1YW
t: +44 (0)20 3059 5000
www.ipsos-mori.com
http://twitter.com/IpsosMORI

Contact Pay.UK

2 Thomas More Square
London
E1W 1YW
T: +44 020 3217 8200
www.wearepay.uk

Authors

Georgiana Brown, Linda Balkema, Angus Yeatts, Georgia Pettit

Ipsos Design Studio

Isabelle Rowan, Nora Gazzar

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Foreword

Flexibility fit for the future

The way we live and work is changing.

The day to day features of our society have been significantly disrupted by the communications technology revolution. Simple things like where we go to buy our groceries to things as fundamental as what can be considered a workplace have changed beyond recognition since Bacs was founded. When the first formal cheque clearing process was introduced many of today's innovations were perhaps beyond even the most farsighted thinkers.

The pace of change is only accelerating. Since the launch of Faster Payments just over 10 years ago, we have seen the number of instant online and telephone payments grow from a trickle to a torrent.

We now live in a more connected place, where choice and flexibility have increasingly become the expected minimum.

The opportunity for the UK's payment systems to be a positive influence and driver within that change – stimulating a vibrant market of consumer services for the benefit of all – is vast.

It was precisely that opportunity that led several of my now Pay.

UK colleagues, then part of Faster Payments, to develop what is now request to pay - a new messaging service that will sit on top of existing payments infrastructure to provide more flexibility when making payments.

What is request to pay?

Request to pay isn't a method of payment in itself. It is a tool to help businesses and individuals across the UK better manage their money. This will happen by facilitating the conversations people may previously have had with the bank manager or the gas man in a new and engaging way.

It not only has the potential to deliver a £1.3 billion per annum[1] in reduced billing costs, but offers a helping hand to those that most need flexibility in how and when they pay.

At its heart request to pay is about putting control back in the hands of the user.

For billers and non-profit organisations it's a new open and accessible way to discuss bills, payments and donations with their customers and supporters, an ideal way to reduce reconciliation costs and improve the visibility of cash flow.

By complementing your existing payments service, you can develop better relationships and offer an alternative for those that need greater flexibility or are looking for ways to improve how they manage their finances.

For consumers it's a new way to pay bills and manage their outgoings.
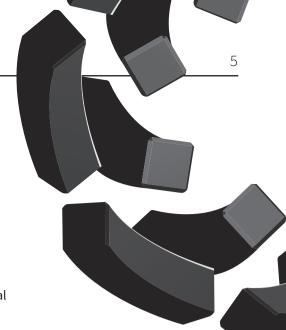
If you have an irregular income or struggle with unexpected bills, are looking for a simpler way to share household costs or last night's restaurant bill you're not alone, and request to pay could be for you.

Research by Ipsos MORI

Request to pay has undergone substantial user testing throughout its development. It was initially the subject of consumer demand and economic studies commissioned by Faster Payments and delivered by Eclipse Experience and Accenture respectively.

In 2016 the Payment Strategy Forum - an industry working group enabled by the Payment Systems Regulator (PSR) to put forward a vision of the UK's future payment operations - took ownership of the development of the core requirements, identifying request to pay as key to tackling user detriments regarding control, flexibility and transparency.

That blueprint for the service was handed to Pay.UK at the end of 2017

and has since been the subject of our first technical sandbox - a small-scale test environment to refine the requirements, rules and standards with developers and stakeholders.

This report represents the final stage of that development journey, or at least the end of the beginning, as we have sought to test the market's reaction to what we've developed in the key sectors expected to benefit from request to pay. We have also taken further feedback from user experts from consumer groups and our End User Advisory Council.

The findings' key themes are clear. The market and user benefits of request to pay can only be realised if the potential and capabilities of the service are accessible for businesses and users, and crucially only if they are comfortable that protections are in place to keep them as safe as possible when using the service.

Looking forward

Our role now, as market catalyst, is to consider how we can harness this feedback to shape request to pay's rules and standards to best enable the market to deliver on that potential.

To support that work, as well as allow developers to prepare for the request to pay rule and standards' market launch, we are currently conducting a closed pilot of the service. We will

also be hosting a vendor event later this year to foster market adoption by putting vendors in direct touch with some of those with the potential to benefit.

Whenever there is substantial change there is the risk that some are left behind, and sadly the connected world of today is no exception.

This report reveals that the need to offer consumers the flexibility, transparency and control they require to be financially empowered is no less urgent, and we're working hard alongside our stakeholders to equip the market to deliver.

Request to pay marks another step towards building a more flexible payment ecosystem, fit for the needs of users today and in the future. By setting the standard for the future of payment services we can deliver real benefit to people and businesses everywhere.
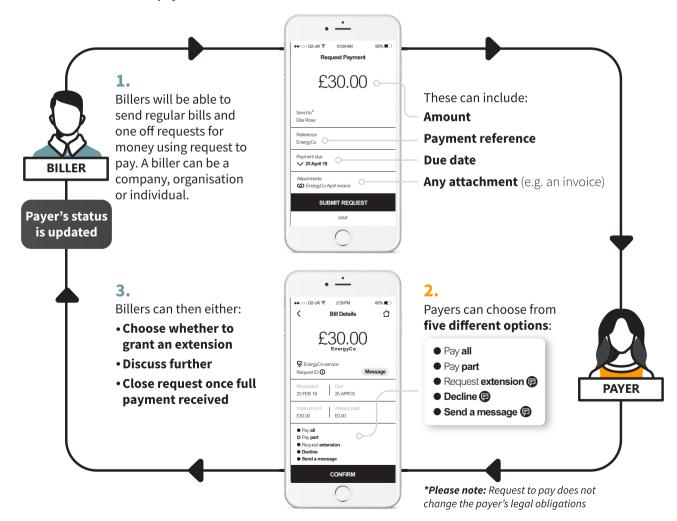
Paul Horlock
Chief Executive, Pay.UK

How request to pay works

Once organisations have signed up to provide the service (in accordance with Pay.UK's framework and accreditation), or a third party provider, they will be able to offer request to pay (RtP) to their customers.

To respond to requests or send their own, customers would then need to sign up to an RtP app. The goal is for RtP apps to be made available to customers through their bank, building society or other provider.

In practice, the tool is like an email address that allows for the two parties to connect, and for consumers to manage their bills all in one place.

The below schematic demonstrates how RtP works between the biller and the payer:

BILLER

Payer's status is updated

1.
Billers will be able to send regular bills and one off requests for money using request to pay. A biller can be a company, organisation or individual.

Request Payment

£30.00

Send to*
Ellie Rose

Reference
EnergyCo

Payment due
⌄ 25 April 19

Attachments
EnergyCo April invoice

SUBMIT REQUEST

SAVE

These can include:
Amount
Payment reference
Due date
Any attachment (e.g. an invoice)

3.
Billers can then either:
• **Choose whether to grant an extension**
• **Discuss further**
• **Close request once full payment received**

Bill Details

£30.00
EnergyCo

EnergyCo service
Request ID ⓘ   Message

Requested   Due
25 FEB 19   25 APR19

Initial amount   Already paid
£30.00   £0.00

● Pay **all**
○ Pay **part**
● Request **extension**
● **Decline**
● **Send a message**

CONFIRM

2.
Payers can choose from **five different options**:

● Pay **all**
● Pay **part**
● Request **extension**
● **Decline**
● **Send a message**

PAYER

Please note: *Request to pay does not change the payer's legal obligations*

The request to pay ecosystem

The below schematic shows a wider overview of how RtP interacts with other frameworks and systems.
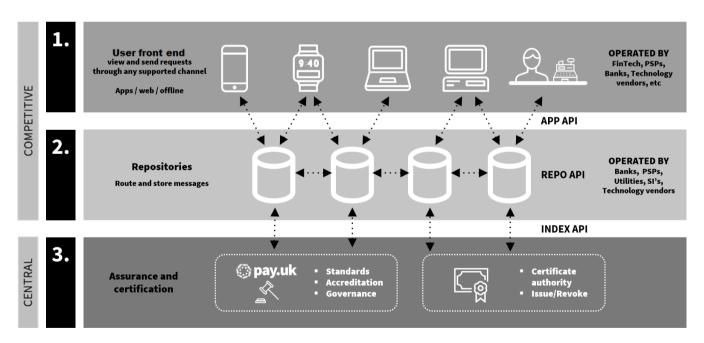
1.

User front end (presentation layer) - This is the layer by which the end user accesses the service. This could be via an app on a phone, a website or at a physical Point of Sale (POS), e.g. a kiosk in a store or an ATM.

2.

Repositories (message store layer) - This layer stores and requests messages and the related thread of responses.

3.

Assurance and certification (administration layer) - This layer ensures participants in the layers above are accredited to adhere to the relevant rules and standards.

While the bottom layer will be administered centrally by Pay.UK and the Open Banking Implementation Entity (OBIE) the top two layers are in the competitive space. A wide range of companies including financial institutions, FinTechs, utilities and retailers are expected to offer these services and hundreds have already been involved in developing presentation and message store applications as part of Pay.UK's open developer sandbox and testing environment.

Executive summary

Request to pay and Pay.UK's role

Request to pay (RtP) is a communication tool, to be overlaid on top of existing payments infrastructure, as a new flexible way to settle payments between businesses and organisations, as well as among friends.

The tool allows for a private conversation between the biller and the payer and is designed to help people who need more flexibility in paying their bills, and to reduce businesses' billing costs.

RtP was conceived with the end user in mind and with a goal to enable better flexibility, financial education and inclusion.

A 'request' is sent by the biller to the payer. The payer can then choose to:

- Pay **all**
- Pay **part**
- Request an **extension**
- **Decline** to pay, or
- **Send a message** and begin a dialogue with the biller

In short, it gives more control to the payer to manage their outgoings.

Pay.UK seeks to enable a vibrant economy by delivering best in class payments infrastructure and rules. Every day, individuals and businesses use the services Pay.UK provides to get their salaries, pay their bills and make online and mobile banking payments. Pay.UK moves more than £6.7 trillion every year, through Bacs Direct Credit, Direct Debit, Faster Payments, cheques and Paym.

Following identification of RtP as a potential solution to consumer detriment by the PSR, research conducted by Faster Payments established consumer demand and economic benefits.

For Pay.UK, successful implementation of RtP is part of the future of payments. Therefore, it has an interest in exploring reactions to RtP, working with businesses to provide guidance as well as establish the standards, accreditation regime and governance required to reassure and support implementation.

Research approach

Pay.UK commissioned Ipsos MORI to conduct research with businesses at the end of 2018. Qualitative research took place in early 2019, comprising roundtable discussions and in-depth interviews.

This report presents the independent research findings and recommendations, highlighting the themes that emerged from speaking to payments decision makers in a wide variety of UK businesses.

The conversations with payments decision makers covered initial reactions to RtP and clarifications where any confusions arose, establishing interest and concerns regarding the service, and discussing potential use cases for how RtP could be adopted and utilised in businesses. Please note that throughout the report "businesses" is used as short hand for "businesses, charities and non-profits."

The research objectives were:

1. **Consultation: understanding stakeholders' views within the industry and societal context**

2. **Engaging stakeholders to increase awareness of RtP and to understand the likelihood of uptake, as well as triggers and barriers of adoption**

3. **Obtaining input from stakeholders and exploring the ways in which RtP might be applied**

Key findings

First impressions of request to pay suggest interest, but there is a need for more clarity

The benefits to consumers of greater transparency, flexibility and control were apparent. Many businesses could see the opportunities that RtP might provide for them to engage more with customers, demonstrate goodwill and deepen relationships.

However, there were a few initial misconceptions, with not all realising that RtP is a communication tool and not a payments service itself.

Clarity was sought over the service requirements and how it would work in practice, the language and how this could be refined, and about who would 'own' RtP, acting to regulate it and demonstrate legitimacy.

Concerns were raised by businesses that will need to be addressed for RtP to be universally adopted. Chief among these are concerns regarding initiation and ownership.

Businesses were keen to understand what responsibility Pay.UK would take in governing or regulating RtP. Businesses want the onus to be on Pay.UK, the PSR, the Financial Conduct Authority (FCA) or another organisation – but not them. Businesses felt nervous about investing in something new and asking their customers to trust them in using it. They require external regulation to allow them to reassure their customers.

Businesses would be receptive to Pay.UK creating a mark or symbol for RtP, to give consumers confidence that requests are genuine.

This would help to counter the concerns raised about legitimacy and questions as to how businesses can reassure consumers that requests are genuine.

Businesses also want more clarification of repositories and their role in managing risks.

Supporting vulnerable consumers was an important topic for businesses. Many could see how the transparency provided by RtP could support proactive help for vulnerable consumers, and the flexibility and control might help these consumers to better manage their finances.

Nevertheless, many also questioned whether those that RtP might best help would actually adopt the service and if those that are elderly, rural and/or cash reliant would have an RtP channel open to them.

Businesses are also worried about potentially pushing, or being seen to 'push' vulnerable consumers into debt.

For RtP to meet its goals it must help, not harm, consumers that could be described as vulnerable, be open to all and not discriminate.

It was clear from a number of reactions that RtP has vast potential, provided barriers around implementation and confidence are overcome.

There are a few distinct business benefits that many felt RtP could provide, chiefly centred around two areas:

- **Saving time and money by streamlining systems and processes.** This could involve joining together different systems, reducing manual workloads, enabling better reconciliation and enhancing existing systems.

- **Improving communication with customers.** This could enhance the customer experience by turning transactional payments into a conversation, allowing businesses to support customers better.

Usage guidelines need to be established to allow businesses to see how RtP will work in practice and where the best opportunities are for them.

Clarity is needed to ensure that billers can develop the trust and confidence in RtP required for successful implementation. Clear information, guidelines and marketing communications should be developed to provide the answers to the following questions:

1. **Who will own and regulate it?**
Businesses need to know who is ultimately responsible for RtP, how they can reassure their customers of its legitimacy, and who will regulate it to ensure consumer protection.

2. **How will it work in practice?**
More information is needed on the service requirements, the role of repositories, and how it could be implemented and used by businesses for RtP to move beyond the conceptual.

3. **Who should it be targeted towards?**
Pay.UK should continue to work through use cases to demonstrate which businesses and customers are likely to be most receptive and stand to benefit the most from RtP; this would in turn help with building business cases for investment.

The research findings and recommendations have been taken into account in finalising the RtP guidelines. Pay.UK's EUAC has also given feedback on the research implications. EUAC advises and challenges the Pay.UK Board to ensure that the needs of end users, now and in the future, are correctly understood and addressed in Pay.UK's work.

Pay.UK response to research findings

Overall theme 1:
First impressions of RtP suggest a need for more clarity

Theme	Ipsos MORI research findings	Pay.UK response
Customer centricity	Providing consumers with flexible payment options is a powerful motive for companies to show goodwill. It allows businesses to make billing less intrusive, more transparent and more efficient, by opening up a dialogue with consumers who need it most.	Pay.UK aims to develop rules and standards to enable a vibrant market of flexible, transparent, customer centric RtP service. We are pleased that stakeholders find this to be reflected in our template for the service. We considered this key in addressing two of the three relevant detriments identified by the Payment Strategy Forum blueprint.
Service requirements	Clarification is needed for the service requirements. What platforms would consumers be able to use and how would companies interact with this? There were some initial misconceptions over the purpose of RtP and more examples, like the mock-up app, need to be shown to businesses to allow them to understand how the service will work in practice.	The RtP rules and standards are being designed to work with a wide variety of payment types and different customer journeys. To support uptake we are conducting a programme of engagement with potential providers and service users. This will demonstrate the opportunities available as well as help us continue to refine the service's rules and standards where necessary. Although we anticipate the first iteration of RtP services to be primarily online focused we will continue to develop the rules and standards to ensure the market is able to make use of the full breadth of opportunities.

Demonstrating legitimacy

Initial concerns around legitimacy of requests and opportunities for abuse will need to be addressed. Businesses were concerned how a request would be demonstrated as being 'legitimate'. There is an opening for Pay.UK to create a trust mark or symbol for RtP to give consumers confidence that requests are genuine, with a recognisable RtP 'logo'.

Ensuring consumers are protected as much as possible from fraud is one of Pay.UK's key objectives. We are considering various options to help communicate the legitimacy and interoperability of RtP services to customers alongside our stakeholders.

Language

The language used needs to be refined. The charity sector is particularly concerned by this, as it needs to be clear that they are asking for 'donations' not 'requests' for payment (which implies they have to pay). The 'Decline' payment option also needs to be clarified to ensure consumers know what the consequences are. Some business participants were unsure if it is decline for now, or permanently.

We will consider this point further in developing the final rules and standards for RtP to ensure the market is best equipped to deliver on the variety of opportunities created.

Overall theme 2:
Initiation and ownership concerns of RtP

Theme	Ipsos MORI research findings	Pay.UK response
Ownership	RtP requires the biller and payer to share the responsibility of payment, but it was felt this may not always be practicable and is open to abuse. Research participants were keen to understand what responsibility Pay.UK would take in governing or regulating RtP. Businesses will need to know who is regulating the service for them to take steps to introduce it.	We will accredit providers of the RtP services to ensure they demonstrate compliance with the rules and standards we've developed. RtP does not change the legal obligations that exist between the biller and payer. Payments made as a result of a message sent by an RtP service will be subject to the same regulatory oversight as they are currently.
Clarifying repositories	Businesses want more clarification of repositories. Who will be one? What is the benefit to them? And what regulation will be in place to control these? Answers to these questions will need to be clear to encourage uptake and manage the risk of exploitation of consumers.	Repositories can be provided by any organisation provided they can achieve Pay.UK accreditation and are registered with the Financial Conduct Authority. To support uptake we are conducting a programme of engagement with potential providers in the build up to the launch of the RtP rules and standards. We are considering various options to help communicate the legitimacy and interoperability of RtP services to customers alongside our stakeholders.

Speed of adoption

Sectors were concerned about the speed of uptake of the service. Pay. UK would need a big player in each sector to move first to promote the service and prove that the infrastructure is in place. This would encourage further companies to invest in RtP. This is particularly true for slower moving industries such as charities and the public sector, where some felt it needed an initiator, perhaps a big company or industry body / association to lead the way.

We agree that early adopters are key to driving uptake to the service and fulfilling our market catalyst role. To support uptake we are conducting a programme of engagement with potential providers in the build up to the launch of the RtP rules and standards.

Vulnerable consumers

The transparency provided by RtP could support proactive help for vulnerable consumers. They can have an open relationship with their biller, able to give reasoning for not being able to afford payment.

However, there are concerns as to whether RtP will be adopted by more vulnerable consumers. It is more likely that traditional early adopters – tech-comfortable Millennials – will adopt the service, at least initially.

Businesses need to understand the opportunities that RtP can bring in supporting vulnerable consumers, with use cases that go beyond an app, if they are to see how introducing the service might help them better support financial education and inclusion. Concerns about potentially encouraging vulnerable consumers into debt also need to be addressed.

Equipping the market to develop RtP services suitable for vulnerable customers has been one of our priorities throughout the development of the rules and standards. One outcome of this is our decision to ensure that the service works with a wide variety of payment types and different customer journeys.

Although we anticipate the first iteration of RtP services to be primarily online focused we will continue to develop the rules and standards to ensure the market is able to make use of the full breadth of opportunities. In doing so we will continue to work with organisations with expertise in reaching vulnerable customers – including members of Pay.UK's End User Advisory Council.

Regarding debt, RtP does not change the legal obligations that exist between the biller and payer, rather it is a means of discussing the bill or invoice after a debt has been incurred. It is our intention that by enabling this discussion the majority of payers will be able to better manage their outgoings. Should a customer ask for more time or to pay part of a bill, it will fall to the biller's policy to determine if they accept the extension request.

Overall theme 3:
RtP has vast potential provided barriers around implementation and confidence are overcome

Theme	Ipsos MORI research findings	Pay.UK response
Systems integration	Businesses which already use apps to carry out transactions could implement the RtP system onto their existing platform. Further development could incorporate functions of messenger apps that already exist, such as WhatsApp. These companies would help to kickstart the uptake of RtP.	We agree that integration into existing platforms is one of a number of market opportunities for RtP services. Companies who operate messenger apps are among many we wish to engage with as part of our ongoing outreach work.
Streamlining processes	The potential to streamline existing systems and processes, reducing manual interventions, for example by enabling better reconciliation, is a clear benefit. Some businesses already have better systems than others, with SMEs potentially benefitting more from RtP in this regard than companies that already have sophisticated infrastructure in place.	We considered simplified reconciliation a requirement of the Payment Strategy Forum blueprint and key to the design of the RtP rules and standards. We are pleased that stakeholders find this to be reflected in our template for the service.

Improved communication

A key talking point from the roundtables was the relationship between the payer and the biller. RtP allows for businesses that request payment to start a conversation with customers who may otherwise default, and who they may not be interacting with currently. This would give businesses the opportunity for improved collections, as well as an opportunity to improve the customer experience and get closer to their customers (which may in turn increase loyalty / open up cross-sell avenues etc.)

We agree that developing dialogue between payers and billers is one of the key advantages of RtP.

Furthermore RtP will provide an audit trail of the communication relating to each request for payments. It is our intention that this increased transparency will enable payers and billers to develop better relationships.

Usage guidelines

Participants in the retail roundtable struggled to see the benefits of implementing RtP into in-store transactions. The system in place currently provides instantaneous full payment. Possible cost benefits of using RtP instead of the current system have not been provided. Clear guidelines of when and where to use RtP will need to be outlined to bring consumer confidence and to persuade businesses to invest in implementation.

RtP is designed to work with a wide variety of different payment types and different customer journeys. Although we anticipate the first iteration of RtP services to be primarily online focused we will continue to develop the rules and standards to ensure the market is able to make use of the full breadth of opportunities.

Research by Ipsos MORI

Research approach

Background and objectives

We're seeing significant shifts in the UK employment landscape. Many people are experiencing increasing irregularities in their working patterns, with more and more being susceptible to inconsistent cash flows. In 2018, nearly a million people were on zero-hour contracts, while 32% of British workers had less than £500 in savings. While the payment systems in the UK are some of the best in the world, for many people, their needs aren't completely being met.

In 2015, the Payment Strategy Forum (PSF) was established, with the aim of making payment systems work better for those that use them. The PSF lead the process to identify, prioritise and help to deliver initiatives, where it is necessary for the payments industry to work together and promote collaborative innovation.

Fine margins

1
million

people have an **irregular income**, with **no guaranteed minimum wage**.
Portraits of Modern Work Report. RSA, 2018.

32
percent

of British workers have **less than £500** in **savings**.
Portraits of Modern Work Report. RSA, 2018.

From working closely with the Payments Community, the PSF developed its strategy and identified detriments experienced by end users of the retail interbank payment systems in the UK. In doing so, it found a predominant theme for end users wanting to have:

- More **control** over their payments
- More **flexibility** over how much, when, and how they pay
- Increased **transparency** in their interactions with payments.

The purpose of request to pay (RtP) is to provide a solution to the above payer detriments. The service seeks to make a positive impact on payers' lives while delivering real and measurable benefits to billers of all types and sizes.

Through consumer demand and economic studies conducted in partnership with Eclipse Experience and Accenture respectively, Pay.UK verified the demand for the service while also highlighting the estimated benefits to the wider UK economy of £1.3bn per annum[1].

Pay.UK is set to provide an open brief to the competitive market to develop RtP services. This open-ended brief will offer opportunities for developers, such as those in the FinTech community, to be creative in how they take Pay.UK's brief for RtP and come up with solutions for businesses to invest in and adopt. It also means that businesses and organisations have the freedom of either creating their own internal RtP system or outsourcing it. This could be through either contracting a third party to develop a bespoke solution for them, or perhaps by buying an 'off the shelf' product once one has been created that could meet their needs.

Ipsos MORI research among payments decision makers across different sectors was commissioned at the end of 2018. The objective was to conduct consultation and engagement research to understand current industry specific reactions to the service, the triggers and barriers to RtP adoption, and to explore the

ways in which to best apply RtP. In doing so, it has supported Pay.UK's aims to develop market ready rules and standards as a catalyst for better usesr services.

The research objectives were:

1. **Consultation: understanding stakeholders' views within the industry and societal context.**

2. **Engaging stakeholders to increase awareness of RtP and to understand the likelihood of take up, as well as triggers and barriers of adoption.**

3. **Obtaining input from stakeholders and exploring the ways in which RtP might be applied.**

[1]*AccentureStrategy: Economics of Request for Payment*

Methodology

To achieve the goal of receiving detailed feedback across multiple sectors on RtP, a qualitative research approach was undertaken, consisting of:

4 one-to-one **pilot interviews**

6 **roundtable events**

17 **in-depth interviews**.

This approach ensured that the research was broad and captured rich detail from a total of 63 individuals, all from different companies, and across 12 sectors. All participants were payments decision makers.

Pre-read material was sent prior to the discussions that gave a brief background on RtP and how it would work. This gave participants the key information needed to ensure that they could take part in discussions to explore the service in greater detail.

Pilot interviews

The research began with four one-to-one pilot interviews across four separate sectors. These were used as preliminary tests, to trial the discussion guide and stimulus material, and to gain feedback. The outcomes of the pilot interviews were then used to make relevant changes, ensuring the best possible insight could be captured in the remaining fieldwork period. They also provided valuable research insight in their own right.

All interviews were conducted via telephone with the stimulus material emailed to participants and used during the call. Interviews lasted around 45 minutes.

Roundtables

The six roundtable events that were held had between four and eleven participants each. Each session focussed on a separate sector:

- *Payment Service Providers (PSPs)*
- *FinTech*
- *Trade bodies*
- *Consumer bodies*
- *Retail*
- *Charity*.

In total, 42 participants attended, all from different organisations. Each roundtable lasted two hours.

The objective of each roundtable was to provide further explanation of the RtP service, with an introductory presentation delivered by Pay.UK. This was then followed by a facilitated discussion conducted under Chatham House Rules, led by Ipsos MORI.

The focus was to explore initial reactions to RtP, areas of interest, concerns, benefits and potential use cases or applications for the service. The likely take up of the service was also discussed and participants were asked to sum up in a Tweet-like message how they would describe RtP.

In-depth interviews

Ipsos MORI supplemented the roundtable events with seventeen in-depth interviews with participants across the following sectors:

- *Telecoms*
- *Transport*
- *Utilities*
- *Entertainment*
- *Government and regulatory bodies*
- *Charity*
- *Housing*.

The format of the interviews was similar to the roundtable discussions. Group activities and facilitation was adapted to suit a one-on-one discussion to explore individual businesses' payments challenges and initiatives in more depth. Interviews lasted around one hour.

All roundtables and interviews were facilitated by independent research agency, Ipsos MORI. Five of the six roundtables were held at Ipsos MORI's office in London, while the other was held at the Pay.UK London office. All in-depth and pilot interviews were conducted via telephone or Skype.

Fieldwork was conducted between January and April 2019.

» More detailed information on the stimulus material shown can be found in the appendix.

Detailed findings and recommendations

Theme 1: First impressions show interest, but a need for more clarity

Today's customers expect more than ever before: far beyond the transactional. Emotional experiences during interactions with businesses and organisations have received a lot of attention in recent years with the rise of digital. Interactions need to be fast, transparent and positive – with the customer in the driving seat. Customers want to be able to interact with others in their ecosystem when and where it suits them best, reducing any negative emotions that come with being passed from pillar to post and not being able to communicate seamlessly and with ease. For many, reducing life admin on the go has become the new status quo.

With customer centricity top of mind, the promise of request to pay (RtP) raised interest among payments decision makers. As organisations aim to achieve high standards of customer experience, providing flexible payment options is a powerful motive for companies to show goodwill to meet the customer on their payment journey.

When participants were introduced to RtP, most were interested in the simplicity, transparency and the ability to have conversations about all bills from a single hub.

Some business representatives were real advocates, stating that the ability to discuss extensions with customers due to a change in circumstance would reduce a great deal of time and effort on their part. It would also remove the long waiting period when a paper bill is sent out, and uncertainty over when the funds will arrive.

"How do we enhance the service for the citizens… we can see a whole lot of things happening in the payments space that are enhancements to the way we could potentially interact with citizens. Whether it's things like digital… whether it's things like request to pay, which gives a more social vision of debt management."

- Government body

Overall, the benefit to the customer was largely understood by most, but some questioned the 'what's in it for me' benefit for the biller.
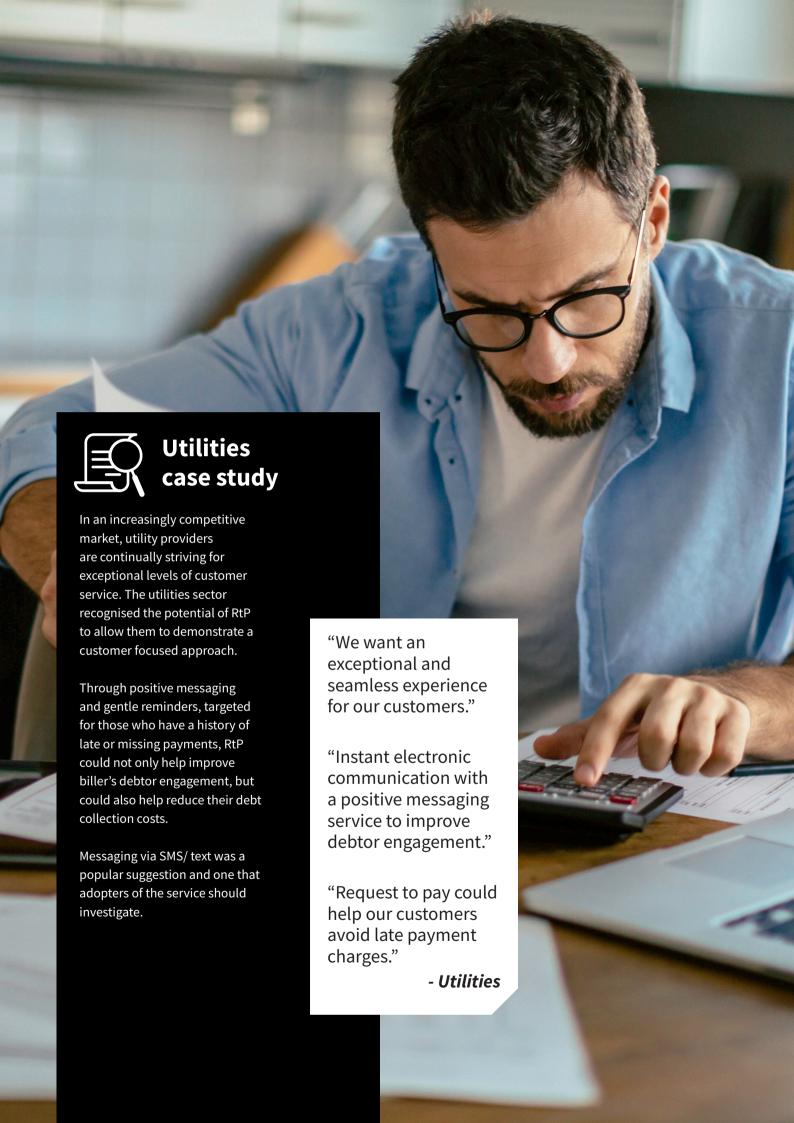
On the one hand, the concept was understood to make debt collection less intrusive, more transparent and more efficient, by opening up a dialogue with consumers who need it most. On the other hand, questions were raised about the handling of the messages coming in to the biller and their ability to block this flexibility. Questions were also raised on how many messages can be sent and who regulates them, if messaging can be switched on or off and the amount of times a payment can be declined.

"I think there are great opportunities here… the messaging and transparency of it are very important."

- Charity

"I don't want to offer for someone to pay later or partially… will it be an option for merchants to cut off options?"

- Retail

Utilities case study

In an increasingly competitive market, utility providers are continually striving for exceptional levels of customer service. The utilities sector recognised the potential of RtP to allow them to demonstrate a customer focused approach.

Through positive messaging and gentle reminders, targeted for those who have a history of late or missing payments, RtP could not only help improve biller's debtor engagement, but could also help reduce their debt collection costs.

Messaging via SMS/ text was a popular suggestion and one that adopters of the service should investigate.

"We want an exceptional and seamless experience for our customers."

"Instant electronic communication with a positive messaging service to improve debtor engagement."

"Request to pay could help our customers avoid late payment charges."

- Utilities

A need for a deeper understanding of the RtP service requirements

Upon first glance, RtP seemed a simple concept – a service for businesses to discuss bills with customers - but when taking a moment to reflect nearly all found it difficult to grasp the full scope of RtP.

There was a fair amount of confusion as to exactly what RtP is; most thought that the tool would go beyond a means of communication and thought of it as a payments service. The assumption that RtP would be an app with an underlying payments structure was often made.

This misinterpretation is an important point to address when RtP launches to the public. Much like a mailbox the aim of RtP is to allow various devices to talk to each other about bills through a common identifier like an email address.

However, many organisations took time to grasp that it was not a payment service in itself, but rather a way of triggering payments through other services.

Pay.UK and RtP providers will need to be clear about what form RtP can and will take - whether it is its own app, embedded into an app a company already has, or an email service. As the possibilities may be variable, there is a need for clear examples of RtP in use before many billers and payers will properly understand how it will work for them.

Clarification is also needed regarding what platforms consumers would be able to use and how companies would interact with these.

Communicating the purpose and the use of RtP in a clear and simple manner is pivotal to its success.

> "It feels a lot more complicated than I expected it to be, because there is the account to account interaction as well as any payment mechanism on top of it."
>
> **- Charity**

Safety and legitimacy

> "It's about trust. It seems that if this gets off the ground the right way, it'll build trust and people will see its utility. Unfortunately, so many innovations have not gotten off the right way… and people will revert to what they did before. I think it's terribly important to get that trust factor right from the beginning and keep building. That means being particularly liable to risk where people are saying they have the authentication but not following through."
>
> *- Consumer body*

Businesses were concerned how a request would be demonstrated to the payer as being 'legitimate', and about potential abuse of the system.

They could see clear scope for fraudulent payment requests and asked for this to be owned and managed through a regulatory body to avoid scams, illegitimate and/ or multiple requests for payment. Consumers need to know who they can trust. If a brand's name is attached to a legitimate payment request, the scope for damage to both biller and payer is vast.

A visual indicator would help overcome the uncertainty barrier on both biller and payer sides. Moreover, a recognisable logo would provide greater clarity and demonstrate interoperability in the interactions space. It would give consumers reassurance that requests are genuine. Without one, some businesses fear that the effort they would need to put into RtP could be wasted due to a lack of consumer trust, and therefore uptake.

> "Is there any security to make sure you aren't taking other people's details? Any authentication that the user is the owner?"
>
> *- PSP*

> "How do I know it's the right person contacting me?"
>
> *- FinTech*
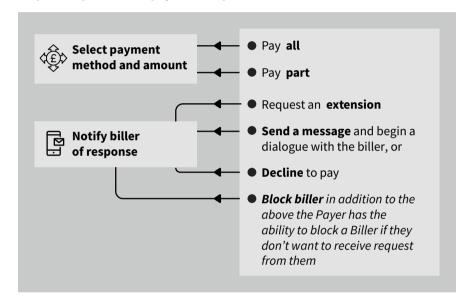
Declining and blocking

Across the sectors there was concern over the 'decline' option. The consequences would need to be very clear to the consumer, as this could lead to unforeseen debt and arrears. Some were unsure if it is decline for now, or permanently.

> "There needs to be a clear understanding for the consumer that decline to pay, and therefore just ignoring it, will have ramifications… the consumer would have to understand that."
>
> **- Energy**

The below is a detailed view of the response options for a payment request

Select payment method and amount
- Pay **all**
- Pay **part**

Notify biller of response
- Request an **extension**
- **Send a message** and begin a dialogue with the biller, or
- **Decline** to pay
- *Block biller* in addition to the above the Payer has the ability to block a Biller if they don't want to receive request from them

The need for a 'block' option was clear to some. Businesses felt that some companies can be very aggressive and could potentially use the messaging tool to 'harass' customers. For these reasons, authentication will be critical to RtP's success. This is covered in greater detail in the next section.

However, A 'block' button can have negative consequences for the biller. Sectors that have large groups of customers on Universal Credit, and/or that struggle to make payments could be impacted. For example, the housing sector has challenges with difficult tenants. The option for tenants to decline and then block a message or a request to pay will cut off the communication channel and make the tool redundant for those customers. In other words, there is potential for adding to the workload and resources of the biller in this case.

"Say we're chasing an individual for payment and then they use this block option – we cannot contact them, it's then on to us… that should add in more labour…

I'm not sure how all of the customers are, in terms of how many of them would say: 'Right we don't want to hear from this company, we're going to block them from the start and like not listen'. Some people will even learn the phone number of the company by heart and just stop answering calls and things like that. I'm not sure how many people it would affect."

- Housing

Fine-tuning the language

Payments decision makers raised a need to refine the language around requests and payment options. The charity sector expressed concern about the language not being distinctive enough to meet their purpose and goals. It would need to be clear that the request is for a donation, a voluntary contribution, and not for a due payment. Charities are very sensitive to the regulatory guidelines and, while they liked the thought of allowing consumers to make ad hoc charity donations, they were nervous of anything that might be seen to pressure.

Charity case study

The charity sector welcomed RtP in principle and saw how it could be used to reach out to the public when there is a national disaster or crisis, and to receive donations from audiences that the charities would normally have difficulties reaching.

They also thought it could help to avoid cancelled standing orders that never start again, by offering the ability to pay sometimes, as opposed to make regular, ongoing payments or not at all.

This new approach to target non-regular givers not only provides a softer and more flexible solution but may also have a stronger appeal to younger consumers.

"It might appeal to a demographic that wants to know how much they have before they donate."

"Younger people who are more ethical, but don't have a regular income. 'I can do it sometimes, but not all the time'."

- Charities

Theme 2: Initiation and ownership concerns

The open-ended brief Pay.UK has provided offers opportunities for developers to be creative in how they develop RtP services. This could take on the form of building it into their own software or buying an off the shelf product.

While the open brief for RtP encourages creativity, competition and flexibility, for many businesses, it also creates uncertainty and risk. The business participants we spoke to, when starting to consider if and how they might initiate RtP, quickly asked a series of questions regarding initiation and ownership, chief among these being:

| Who will 'own' and lead RtP? |

| What is Pay.UK's role? |

| Will there be an accreditation? |

| Who will initiate the service? |

| Will those it is designed to help adopt it? |

| Will RtP be regulated? |

We take each of these in turn to explore the questions, concerns and opportunities highlighted by businesses in the discussions held. We explore the reassurance businesses would need in order to understand the service fully and have sufficient confidence to pursue RtP adoption.

Questions about ownership and leadership of RtP

RtP is designed to be flexible and adaptive, and it was explained to participants that there is the potential for multiple aliases, biller specific aliases and multiple payment types. It was also explained that the user front end, where billers and payers would view and send requests, could be operated by FinTechs, PSPs, banks, technology providers and so on. The repositories that route and store messages could be operated by banks, PSPs, utilities, system integrators, technology vendors and so on. These may or may not be the same as the front end providers.

The freedom to create an RtP service developed by multiple and diverse parties led businesses to ask who will actually 'own' it. To consider implementation a business would need to choose a central repository that is trusted, but since it will be up to the repository to determine who to register, there are concerns about who will control and oversee the repository.

Businesses were concerned as to who would take on the role of repository (with banks favoured by some, as feeling inherently 'safer'), and what regulations would be in place to control them. While businesses were concerned about consumers obtaining multiple IDs from different repositories, they were also worried that it would not be reasonable to tie consumers into the first repository they sign up for. More clarification is required to define clearly established boundaries for consumers and repositories.

A related, critical concern here is over data security, with businesses seeking greater transparency on where their customers' data would be stored and how it would be processed once RtP hits the market. With GDPR on every business leader's mind, there is a heightened sense of risk and uncertainty here. Businesses need to be transparent and responsible with their customers when it comes to handling their personal data.

> "I'm concerned with sharing our data and GDPR impacts. Who has access?"
>
> **- Utilities**

> "You have all the data coming in on everyone in the repository. They can profile that data. Those repositories have the potential for goldmines"
>
> **- Consumer body**

CENTRAL **3.** **Assurance and certification** · pay.uk · Standards · Accreditation · Governance · Certificate authority · Issue/Revoke

Administration Layer - This layer ensures participants in the layers above are accredited to adhere to the relevant rules and standards.

The role of Pay.UK

The RtP information provided by Pay.UK on how it works indicates central assurance and certification, with Pay.UK providing standards, accreditation and governance. This wasn't immediately obvious to business participants though until clearly explained. Some of them had assumed that Pay.UK was itself building or launching the RtP service, and so it would 'own' and control it. Others thought Pay.UK might regulate it.

> "Today, people pay bills. There are already two economic actors, plus Pay.UK as well. Three mouths to feed. That would be a big challenge."
>
> **- PSP**

A need for accreditation

The fact that Pay.UK would provide standards, accreditation and governance gave reassurance to business representatives, but they wanted to know more.

As mentioned previously, if Pay.UK is to drive the RtP initiative forwards, a mark or symbol could be key to help build trust among organisations and consumers. An accreditation mark initiated and governed by Pay.UK would very much be welcomed by businesses.

Pay.UK's governance would also mean that while developers would likely create varying user frontends and functionality, and offer some flexibility to businesses, there would be some consistency. This would help RtP become recognised and would offer an easier experience to consumers.

The need for a consistent, trusted 'brand' and accreditation logo was felt to be important in communicating RtP to consumers. Businesses are seeking support here so that, if they wish to launch an RtP service for use by their customers, they can adopt the RtP brand imagery / logo alongside their own marketing communications. This would help them to have confidence initiating the service successfully.

Initiation of the service

Not only would accreditation provide the reassurance that businesses want for their customers to build trust and reassure about security, but it was also felt it would support industry-wide initiation of service adoption. The ability to pay a contact by using their mobile number instead of needing their bank account details has not yet reached its potential in the UK. This was mentioned by some business payments leaders and cited as an example of what not to do – a warning note to RtP that a lack of a unified brand name and logo can be damaging, as it prohibits initiation and widespread adoption.

Another common talking point among businesses is the 'chicken and egg' question of who will lead adoption of RtP: the biller or the payer? It was apparent in speaking to businesses that the more immediately obvious benefits of RtP are for the consumer, with increased control, flexibility and transparency being mentioned, alongside the simple ability to delay a payment if it suits them. While the business benefits were clearer for some and, once explained most could see some potential benefits (covered further in the next section of this report), businesses for the most part saw RtP – correctly – as being a consumer-led idea. This is not in itself a negative, but it does beg the question of who will lead the adoption of the service.

> "For me, the challenge is always going to be adopting it technically. That is going to be very important. Who is it driven by, the providers or the consumers?"
>
> *- Charity*

It is an obvious point, but an important one that while businesses want and need to provide the services that their customers demand, they have to see both a customer need and business benefit in order to invest in a new service. This is particularly the case for RtP, which businesses felt would need careful planning, complex processes to organise, likely involving multiple internal stakeholders and substantial investment. All this means that adoption could take years rather than months to realise. But the more compelling the business benefits, the greater the argument for internal investment in RtP.

Some wondered whether regulation would force the banks to build RtP into their banking apps. Others simply expected that it would be the 'big players' in each sector who would be first to establish a service. After all, they are likely to have greater resources at their disposal and may also have existing infrastructure they can use to streamline RtP adoption. Pay.UK may therefore need a big player in each sector to move first to implement and then promote the service, proving to others that the infrastructure is in place. These would then provide use cases and success stories that smaller players could then use to build their business cases for RtP.

The feeling of wanting to wait for others to be the early adopters before looking to follow is particularly true for slower moving sectors such as charities and the public sector. In these sectors some felt it needed a big company, industry body or association to lead the way. Even within industries that themselves saw the greatest potential of RtP, as with the utilities sector, the smaller players may look to the bigger ones for initiation.

Some larger companies are already thinking about RtP or developing their own version of it. Some of the big players may not have the same internal challenges as smaller players, with sophisticated infrastructure already in place and suffering fewer of the process challenges that some smaller companies mentioned, such as reconciliation.

It was felt by many that, once uptake of RtP starts to take off, there could be real benefit for Small & Medium Enterprises (SMEs), who may have process or cashflow issues. RtP would bring about more flexibility to their financial management and potentially allow for quicker collection of money. It could aid them when dealing with suppliers and also help the self-employed. But again, SMEs may wish to see others adopt RtP and have the case proven before they move to investigate implementation for themselves.

"From a small business perspective, this is particularly attractive. Small businesses tend to have credit. If it's for consumers, they have cards. They want these sorts of payments. Small businesses like little payments."

- PSP

Vulnerable consumers and RtP adoption

Vulnerability was mentioned by payments decision makers in different business sectors.

RtP was created with the aim of enhancing financial inclusion at its core. Past research has highlighted that RtP would be of help for those with unreliable incomes and who struggle to make regular, fixed payments.

RtP would open up opportunities for customers to have a conversation with their biller to discuss their financial situation. It would allow them to work out a payment plan that works for them, without having the difficulty of not knowing how to contact the biller and the embarrassment, inconvenience and potential financial penalty of suffering a bounced payment.

Following work by the FCA into consumer vulnerability within the financial services sector, many businesses are including supporting vulnerable customers into their strategic business plans. Some businesses have vulnerability high up on the agenda of those working in their customer experience departments, and it is therefore no surprise that businesses supported the aims of RtP contributing to financial inclusion. Many could also see how the RtP service could help consumers that are having difficulty paying and those who, for one reason or another, we might call vulnerable.

However, there are two significant concerns that businesses highlighted in relation to RtP supporting vulnerable consumers:

1. **Will vulnerable consumers adopt RtP?**

2. **Do businesses want them to?**

1. Will vulnerable consumers adopt RtP?

Businesses questioned whether RtP will actually be adopted by more vulnerable consumers. Those in the FinTech roundtable predicted that, as with most adoption of new technological services, it is more likely that tech-comfortable Millennials and Generation Z (broadly the under 40s) will adopt the service, at least initially. Some of these people may struggle with regular payments, such as students and those on zero-hour contracts, but the service may appeal most to those that are relatively able and comfortable using technology.

Businesses voiced concerns that RtP would fail to reach those who arguably might benefit the most. This is because some may lack the technology, skills or confidence to sign up for a service like this. Others may simply prefer to stick with the more traditional methods of payment (e.g. Direct Debits, Standing Orders, manual transfers, paying in cash at the Post Office or at PayPoint terminals).

RtP is most readily conceptualised as an app. While other methods could be developed, including potentially non-digital offers, businesses currently fail to see how these might work in practice. Further use cases and examples of alternative approaches to RtP, particularly those that might be aimed at the cash reliant, elderly and/or in rural locations without 3G/4G connectivity, would be welcomed.

"Having an all-in-one app sounds great, but what about digital exclusion? What about those vulnerable customers who don't use apps?"
- Local Government

2. Do businesses want vulnerable consumers to adopt RtP?

While businesses universally supported the aim of RtP in aiding financial inclusion, some questioned if RtP is in fact the answer.

In addition to the question as to whether those that stand to gain the most will actually adopt the service, is the question of whether businesses want them to. The uncertainty here is caused by the fear that, by providing consumers with the option of delaying payment, businesses risk facilitating consumers to get into further financial difficulties. Delaying payments might mean they mount up to become an insurmountable hurdle for consumers. With consumer credit in the UK already high, and issues with Universal Credit, it is a sensitive time and businesses want to make sure they are looking out for their customers and not risking making situations worse. Some asked if delaying payments through the RtP service would affect a consumer's credit score.

If so, organisations would need to be transparent, stating clearly the impact of delaying payments in communications about the service.

It is assumed that at some point a consumer would no longer be able to delay payment and interest charges or penalties may have to be enforced, or services cut off. While some industries like utilities as well as the public sector, have an obligation not to cut off essential services, others would be free to do so. They would also be free to add fines that increase the amount owed.

> "If you give them the credit option, they'll get more in debt. You'll put it off and get more debt."
>
> **- PSP**

Businesses also naturally worry about receiving the funds they are owed. Some questioned that, while offering flexibility and control to some customers would be absolutely fine, there are some 'problem customers' for whom they would rather simply ask for the full payment, not giving them the option to delay payment. This could be because they are concerned about encouraging them into bad habits or because they worry they would never receive the funds they are owed.

All of this feedback leads to a general call from businesses to Pay.UK to provide further information and support in helping them understand the implications and applications for encouraging responsible adoption of RtP. They need to ensure that every effort is put in place when it comes to safeguarding vulnerable customers.

Regulation of the service

With consumer protection featuring heavily in the roundtables and interviews conducted, many businesses went a step further and asked if RtP should be regulated. Some, as mentioned above, assumed that Pay.UK would be regulating the overall service and repositories. Others asked if the FCA would regulate it, or the PSR. At present, however, Pay.UK explained that RtP is not set to be regulated officially by either themselves, the FCA or PSR. Pay.UK set the standards, much as with the Open Banking Implementation Entity (OBIE), but the industry itself will be tasked with self-regulation.

However, businesses overall would prefer an official regulatory body to oversee the service. Some wished for the FCA to make it mandatory for banks to implement RtP, and all wished to know more about regulation and who would be responsible if things went wrong or it was misused.

Businesses would like Pay.UK to outline its own role in delivering the service and to clarify how RtP will work. Specifically, they want to know how RtP will be governed or regulated to protect both consumers and businesses.

Theme 3: Potential and barriers

While recognising the need for ownership and regulation, payments decision makers from different organisations can see great potential for RtP.

Provided the mechanisms are in place to safeguard consumers and protect businesses, it is likely that organisations will start to adopt RtP once services have been developed. Once a 'big player' in the industry, a bank or trade association has led the way and implemented the service successfully, others will likely follow suit.

Speed and process of implementation

For those businesses that already use apps to carry out transactions, adding RtP to the functionality would provide a simple way for consumers to see their current bills all in one place. It could also improve the efficiency of paying bills, removing the long wait time that comes with sending out a letter or the strict nature of taking a Direct Debit on the same day each month. Further development could incorporate functions of messenger apps that already exist, such as WhatsApp.

In a similar way, a few payments decision makers suggested that RtP could be added onto Open Banking services, such as an all-in-one financial app. This again would provide an easier implementation process for businesses, and a simple way to help consumers take greater control.

While some will find it easier than others, all businesses wanted to know about the specific details regarding implementation. Many simply didn't understand how it would actually work and were confused by the finer details, for example about the payment address.

Some could see potential for a fast turnaround time if the RtP

> "I think I've missed something basic. Will Peter have a name, hashtag whatever, or a series of them? I don't understand the fundamentals of how it works."
>
> **- Trade bodies**

infrastructure could interact with their current systems and was not complicated to use. There might be a few months to test it internally before rolling it out to a specific customer group for a couple of months to pilot the service, checking and testing for errors. In this scenario, implementation was expected to take six months.

Many were thinking more of years rather than months though, as budget is already allocated for one- or three-year business plans (particularly likely in the public sector). Others were simply wary of a large investment and the need to build a case for RtP, collating input from across teams within a business, such as payments, operations, IT, customer service and marketing – and engaging the senior leadership

team. There are also other priorities for some, such as preparing for Strong Customer Authentication as part of PSD2.

Almost all were unsure of the systems that would be required to launch RtP – although many felt they could ask others who would know or find out. There were also concerns over the practicality of the system, e.g. if changes and updates can be made.

> "Once we sent the request, can we then update the request? … It may take them 2 or 3 days to respond … we realise actually we made an error... we've missed some attachment … Is there some way we can add to the file once we've uploaded it?"
>
> **- Housing**

User experience and language

Ultimately, RtP will only be a success if it is designed with good user experience (UX) in mind. It must be easy to use for all, and it will be important that the initiative is in line with current technological developments that the public have become accustomed to. It also needs to be quick to install and implement.

> "We want an exceptional and seamless experience for our customers."
> *- Utilities*

Businesses were unsure how it would work unless a consumer already had an RtP app. For example, if onboarding a new customer, would businesses need to ask them to download an app or click a link in an email or from a website? What if they had contacted the organisation by phone or face to face? These questions were asked and highlight again that it instinctively feels like an app to be used by the tech-savvy early adopters. Businesses would not want to alienate those that do not already have it or to create too much friction at the sales or initiation phase.

Likewise, businesses commented on the illustrations provided, for example seeking clarification about the steps and about language, such as if 'Decline' would mean decline to pay now, or forever. Good functionality, UX and clear language must be built into the system for it to be instinctive to use and clear for consumers.

Housing case study

With Universal Credit rolling out now, more people are finding themselves in a difficult position as they get used to the new system. A payments decision maker with 30 years' experience in the collecting space noted that debt collection in the housing sector is one of the hardest industries to work in. RtP could be a step forward and create a positive dialogue between those in need and the biller.

The main benefit would be for tenants. Individuals who may be in a potential difficult position could be offered more flexibility for payment and those with accounts that cannot use direct debit would have another option.

It might benefit those with a bank account, without available funds or with language barriers.

"We have customers who don't have bank accounts… who aren't fully versed in the English language and they might have some language barriers in terms of the letters and the contact we make with them. Having it able to be translated, if that is going to be a feature… that would be huge. That would help communication with people who come through refugee systems or where English might not be quite up to scratch to understand the letters that have been sent."

- Housing

Streamlining existing systems and processes

A clear benefit cited by several businesses is the potential to streamline existing systems and processes, reducing manual interventions, for example by enabling better reconciliation. The system would provide clear references as opposed to receiving payments from unknown sources and having to spend time to investigate these.

Some businesses already have better systems than others, with SMEs potentially benefiting more from RtP in this regard than companies that already have sophisticated infrastructure in place.

For those dealing with reconciliation in a business, implementation would initially be a drain on resource, but capacity would increase again once RtP is up and running. The time that the teams would normally take to make several phone calls would be reduced, with them reassured that a message has been sent and received through RtP.

"When they sent a message through request to pay they know it's gone."

- Housing

Transparency, flexibility and control

The key benefits of RtP for consumers are bringing them greater transparency, flexibility and control over their finances.

The transparency it would bring, allowing consumers to see their payments history and pending bills all in one place, would support financial education. This aim, as with financial inclusion, is universally supported.

Offering flexibility over when to pay (and thereby offering more control to the consumer) divided opinion. For some, this stands together with broader aims in the industry, including the Open Banking initiative and government push for consumers to take more personal responsibility for managing their finances. As such, some welcomed it as the right and responsible thing for organisations to do. For others, it simply raised the question of 'why?'

The service offers an alternative for people who don't want to use Direct Debit. However, for many, it just feels like an unnecessary risk to offer an alternative payment solution when most customers pay by Direct Debit, seem to be happy doing so, and it provides the businesses with clear line of sight of their payments. While bounced payments do cause hassle, some sectors suffer less from this than others, for example car insurance, where it is mandatory to be covered under law and processes are already in place that mean that missed payments are rare. Several organisations told us that even when payments are missed they already have systems in place to deal with this, and the cost and efficiency savings of RtP would have to be substantial to outweigh the perceived hassle of implementation.

From a biller's perspective a loss of control can be worrying, but

> "Request to pay is a big risk to my 85% of customers who currently pay via Direct Debit."
>
> *- Telecomms*

greater transparency can be of benefit to organisations, as well as to consumers. Payments decision makers could see advantages in having oversight of payments from the messaging service. It would allow them to have pre-emptive conversations with customers, both to act as a prompt to pay, but also where they can anticipate issues with paying. An alert tool would be helpful to flag up issues in the systems, such as declining payment or requesting an extension.

Improving the customer experience

The transparency and flexibility that RtP brings offers an opportunity for developing a closer relationship between the payer and the biller. By initiating conversations RtP allows for businesses that request payment to start a conversation with customers who may otherwise default, and who they may not be interacting with currently.

RtP could result in fewer defaults and improved customer experience. This in turn could help to increase loyalty and potentially open up cross-sell opportunities.

Businesses recognised the customer experience benefits that RtP could bring to billers and payers. Some wanted to know the specifics around how a 'conversation' might work, with Artificial Intelligence (AI) discussed as enabling automated responses. This was seen as a positive, as businesses do not want to be spending hours manually replying to messages. However, AI did not receive universal praise, and some technology is a lot better than others. Research and testing into the AI capabilities would be required for businesses to trust it to pick up issues and deal with what could be personal conversations involving debt with sensitivity. There would need to be human oversight and likely the offer of a real human conversation. Some organisations will be more open to customer call lines than others, who may be seeking a purely digital solution.

Retail case study

Within the retail sector, it was quickly established that using RtP at Point of Sale would bring a spike in partial payments. Participants struggled to see the business case within a physical store.

There may be more potential to integrate RtP on top of existing payments infrastructure online. Bearing in mind the cost of card payments, using RtP as a direct bank to bank payment alternative may be preferred if it could save retailers money on reduced transaction costs.

It was also recognised that RtP could be used as a solution to enable more flexibility and affordability of higher ticket items, however participants became nervous going down the road of credit offerings or financing options.

> "I want to buy this handbag, but I only want to pay half of it now. Are you allowed to leave the shop and say that? That would devalue our brand"
>
> "How flexible are you going to be at the point of purchase? How do I facilitate for someone to make a huge purchase?"
>
> **- Retail**

Lack of appetite for Point of Sale solution

There are many questions, concerns and obstacles to overcome for organisations to seek to implement RtP. Most see some benefits though, at least conceptually. The least receptive industry, however, is traditional retail. It was felt that, while RtP could work for online services, using it in store at Point of Sale (POS) would not bring benefits, particularly to billers. Giving customers the option to take an item but not pay in full for it caused great concern for retail payments participants in the roundtable. It was clear to them that while there are certain situations where RtP would be very beneficial, at POS should be avoided. The system in place currently provides instantaneous full payment and possible cost benefits of using RtP instead of the current system have not been provided.

For some big-ticket item purchases, such as furniture, providing consumer credit for the purchase already exists and is managed by a third-party credit provider that is regulated. Retailers themselves are uneasy about being pulled into providing consumer credit themselves and if and how that might even be possible.

For luxury retailers, offering RtP would also feel contradictory to their brand and it was felt it could cheapen them.

> "I'm stuck in the middle. We're devaluing our brand but we say, 'You know what? We've solved the problem."
> *- Telecomms*

Activating request to pay: tips for marketing communications
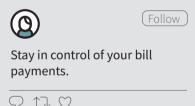
When asked how they would describe RtP in a single Tweet to be sent out or highlighted to their boss to explain what RtP is, a recurring theme was control in the hands of the consumer.

Biller benefits were also captured. These suggested Tweets show the benefits that resonated most with payments decision makers taking part in the research. Messages such as these should be developed by

businesses looking to adopt RtP to help communicate the benefits in both internal and external marketing campaigns.
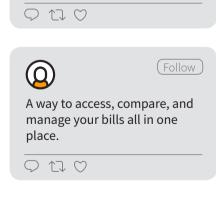
Customer centricity stands out most to payments decision makers:

Follow

Stay in control of your bill payments.

Follow

Putting you in control over when and how you pay your bills.

Follow

You decide when you would like to pay your bill.

Flexibility in payment also came through strongly:

Follow

Puts you in charge of how, who, when and how much you pay.

Follow

Get notified when a bill is due and pay how and when you want to.

Follow

A way to access, compare, and manage your bills all in one place.

The benefit to the biller also came through:

Follow

Adopting flexibility in payments, between a Biller and a payee. #takebackcontrol

Follow

Prompt customers to make payments when, where, and how it's convenient for them. In full, in part, or later.

Follow

Instant electronic communication with a positive messaging service to improve debtor engagement.

Sector summary grid

There were some common themes across industry sectors, but also some differences and varying degrees of warmth towards RtP.

The below lists the sectors in order, from greatest receptiveness at the top, to least receptive at the bottom. It highlights the key points of each sector, summarising the reaction to RtP and its likely use and uptake.

Sector	Reactions	Use of RtP
PSPs	At first glance, RtP creates the opportunity to improve recovery and debt collection through enhanced communication, allowing customers to have honest conversations with billers, outlining exactly what they can pay and when. But regulation, both for billers and repositories, was seen as a vital component to create trust, security and therefore adoption of the service. For example, billers must not have free control over the 5 options.	PSPs saw RtP as a communication tool to help improve and speed up the late payments process. They liked the idea of implementing a 'seen' function, so that billers could prompt push notifications or additional solutions. Companies such as airlines could also use RtP to offer optional extras, such as a better seat or item of luggage.
FinTechs	RtP has the potential to build stronger relationships between billers and payers. FinTechs felt that early adopters were most likely going to be Millennials looking for more control and transparency when making payments. They questioned whether RtP would really help those in need. They felt the typical person who needs to be chased for a payment does not match the type of individual who will likely adopt the RtP service.	FinTechs saw the benefit of implementing RtP for SMEs who struggle to have clear visibility of their cash flow and invoicing. Through incorporating RtP with messenger apps such as WhatsApp, it could also enhance the level of adoption and improve communication.

Sector	Reactions	Use of RtP
Consumer bodies	RtP will help remove some of the frustrations regulators currently have with companies for not following forbearance and affordability rules, as it passes the control of how and when to pay to the consumer. As the role of RtP is to provide more consistency, flexibility and control, there will need to be regulation in place to ensure billers have to offer all 5 payment options, including decline.	Consumer bodies thought RtP could be used to increase visibility and control of upcoming tax payments for those who are self-employed or on zero hours contracts. Additionally, it could provide support for social housing tenants, as they often have variable incomes which don't lend themselves to paying in monthly instalments.
Trade bodies	RtP would humanise the process of debt collection, making it less intrusive and more manageable for those in distress. Using it would allow companies to come across as more understanding, with improved levels of communication. Trade bodies expressed concern over liability though, and the opportunity for fraudulent requests for payment. They want to know where responsibility would lie to ensure that disagreements, disputes and fraudulent requests are handled correctly.	RtP would provide companies with a secure audit trail of all communications, providing evidence that standards and correct procedures are adhered to. It would allow for secure deposits to be made, in place of paying in cash for a short-term rental or hire car for example.

Sector	Reactions	Use of RtP
Utilities	Through using positive and thoughtful messaging, utility providers recognised RtP as a service that could help improve their debtor engagement, customer relationships and help demonstrate goodwill. However, concerns were raised over data security and how exactly the service would be overlaid and integrated on top of current systems. There is a need to see a business case before they could pursue it further.	Utilities could implement RtP into an all-in-one-app to allow improved control and visibility over cash flow, for both the biller as well as the payer. RtP could also act as an alert tool to help billers pre-empt and target customers who have a history of missing payments.
Public sector	Within the public sector, RtP was viewed as a potential step forward in creating a positive dialogue between those in need and the biller. Bodies that don't necessarily have the individual resources to deal with efficient payment systems would most likely benefit, through an integrated RtP system that smaller organisations within a local authority / specialist area can all use. Confusion was raised over who would drive the take up of the service, however. With limited budgets, the service would need sufficient consumer demand, and it is likely that public bodies would need to see that it has gained traction in other sectors before they commit to investment.	RtP could be implemented to support payment of fines, e.g. parking permits. Often the cost of the fine can be reduced if it is paid sooner, and if not, a dialogue can be created, making RtP an ideal solution. RtP could also be used as a tool to improve transparency, trust and communication between landlord and tenant in collecting rent.

Sector	Reactions	Use of RtP
Charity	RtP would allow charities to offer more flexibility with donations, bringing another payment option in addition to Direct Debit or one-off payments. RtP would make it easier for consumers to make ad-hoc payments. Great care is needed when considering the language RtP would use. The initial impression should not be that charities are requesting payments, rather that they are asking for donations. They would need the option to tailor this wording.	Charities are likely to be slower to adopt RtP than some other sectors and may require a central organisation to help facilitate implementation for other smaller charities. In using RtP, they could trigger an 'Emergency Disaster Relief' notification, which would enable them to reach out to people in times of higher need. Donors would be comfortable knowing that they have got several options when they are giving money. The process would be as efficient as possible and allow them to communicate with the charity if necessary. A charity might also be able to use RtP to communicate how funds have been used to donors.

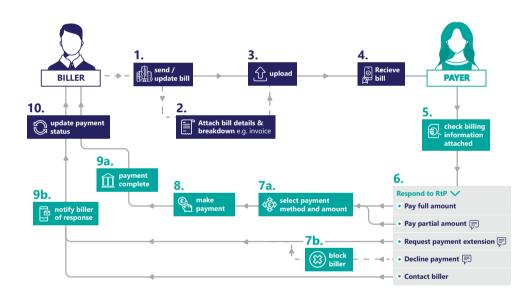| Sector	Reactions	Use of RtP
Retail	Retailers could utilise RtP for enhanced data security and reduction in breach of personal data. Collecting payments through RtP instead of asking customers for sensitive personal payment details would reduce the amount of data they are required to collect and store. Even so, uptake is likely to be very low among luxury retailers, as they felt use of RtP would risk devaluing the brand and its principles. Requesting a payment through RtP is not seen as the high value customer experience consumers expect from these luxury brands.	For online sales, RtP could easily be integrated on top of existing online payment methods. It could take a try now and pay later approach. Retailers found it hard to see a business case for use of RtP at POS within physical stores. The current method of payment collection is more reliable for ensuring payment is made, and retailers would not wish to go down the credit route (beyond what they already offer through third parties e.g. for high ticket items such as furniture).
Telecoms / entertainment	Telecom providers struggled to see the business case of how RtP could really benefit them, with many customers using Direct Debits to pay their monthly bill, while those who are looking for more flexibility have the option to 'Pay as you go'. For entertainment providers, if the business case can be proven, there was interest in the positive and clear messaging within the collections process, especially the ability to pre-empt missing or late payments.	Telecoms aren't very open to RtP as they don't really see how it would fit in their current business model. They didn't really want to offer other payment options and already had sophisticated internal payment systems in place, including support for vulnerable customers. For entertainment providers, using payment references and attachments, RtP could be implemented to improve reconciliation, while also using it as an alert tool to pre-empt and improve the collections process.

Appendix

Stimulus material

RtP is not an easy service to understand immediately, even for those working in payments within organisations.

To aid understanding and clarity of the service, we created the below visuals, which were used during the roundtable events and in the in-depth interviews.
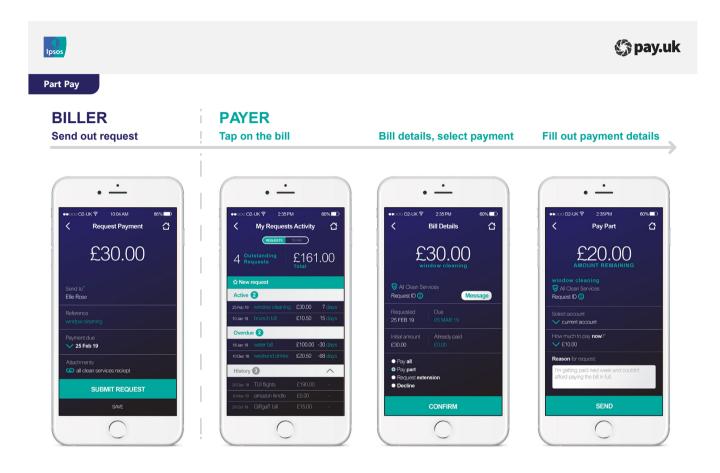

The above process flow was printed in A0 and stuck on the wall within each of the six roundtables. Participants were able to refer to this throughout the session and use it as a prompt if they had any further questions.

Wireframes of request to pay were also printed and stuck on the wall of each roundtable, offering a perspective of how the service could look in an app format. The example above shows the functionality of how a payer could 'Pay Part' of a request.

Other stimulus material used was the presentation delivered at the start of the roundtable sessions and talked through during the in-depth interviews to help generate thought around the utility of RtP.

It consisted of:
- Further explanation of RtP and how it works, with diagrams and process flows of the service, using an app design as an example.

- Industry context around Direct Debit and people working on zero-hour contracts. Background research was carried out on the pain points associated payments within each industry and incorporated into each presentation.

Reference list of acronyms

RtP - request to pay

FCA - Financial Conduct Authority

PSR - Payment Systems Regulator

PSF - Payments Strategy Forum

OBIE - Open Banking Implementation Entity
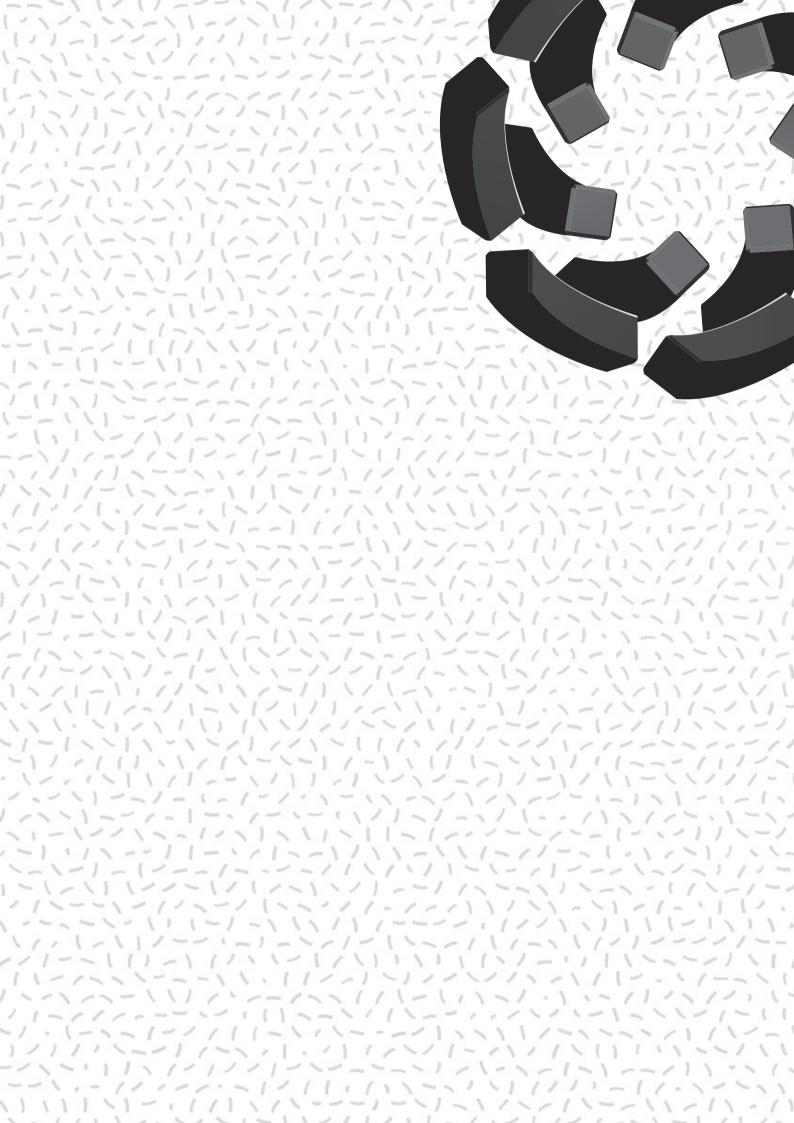
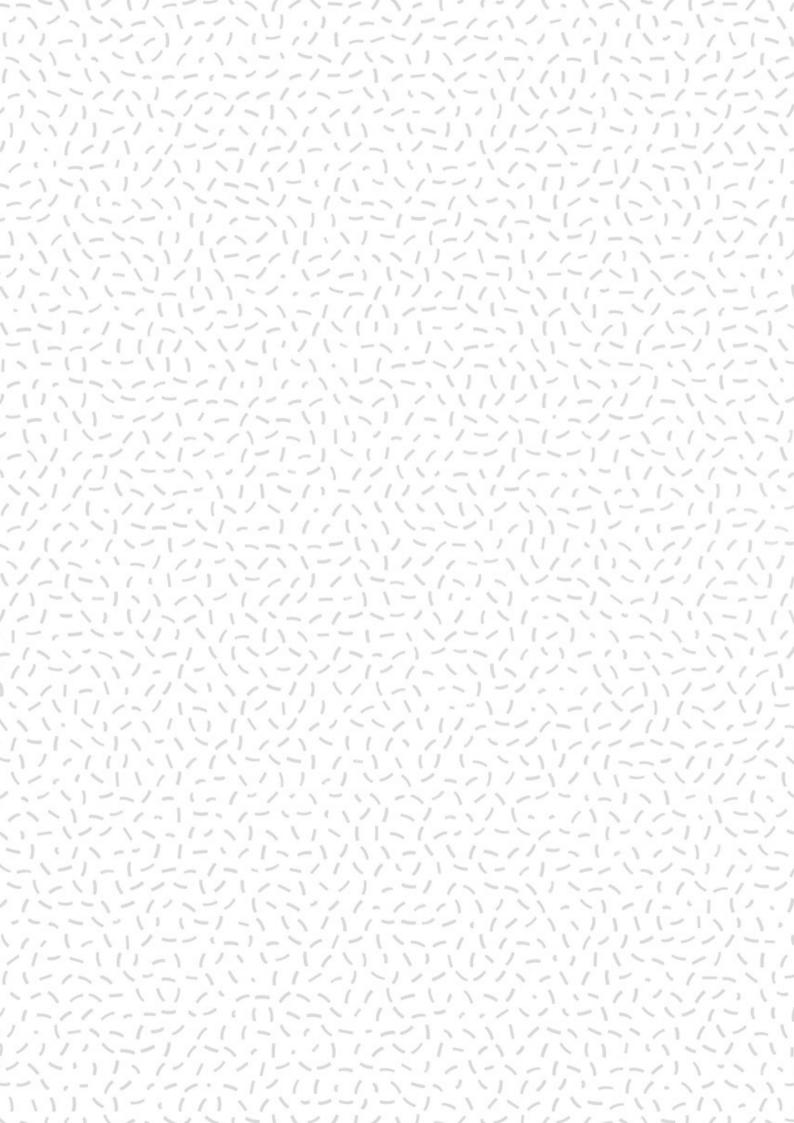**EUAC** - End User Advisory Council

POS - Point of Sale

PSP – Payment Service Provider

SME – Small & Medium Enterprise

AI – Artificial Intelligence

Contact Ipsos MORI

Paul Stamper
Senior Client Officer
Paul.Stamper@ipsos.com

Georgiana Brown
Research Director
Georgiana.Brown@ipsos.com

Contact Pay.UK

2 Thomas More Square
London
E1W 1YW
T: +44 020 3217 8200
www.wearepay.uk