REQUEST FOR PAYMENT a user-centred service concept

December 2016



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"We all want more control of our finances"

In today's society, there is a general (and not unreasonable) expectation that we can do most things 24 hours a day, seven days a week. Banking certainly falls into this category, with the Faster Payments Service underpinning near real-time mobile and online banking payments for millions of people and businesses - whether it's 9.30 am on Wednesday morning, or the middle of the night on the Saturday of a Bank Holiday weekend.

The convenience to make payments at any time has already played a major part in giving more control to customers of all shapes and sizes. The popularity of this new way of doing things is underlined by the fact that, since being set up in 2008, Faster Payments has processed more than 6 billion payments worth more than £4,650 billion, with the service still seeing strong annual growth of 15%.

It's a self-evident truth that the growth of Faster Payments has been led by the demands of the people and businesses that use the service. One of the major benefits of being able to make payments outside business hours is the additional control offered. And yet that flexibility on timing, while powerful, isn't a panacea offering total control – what if I have enough money to pay part of a bill now and part later, but there is no way for the company I'm paying to reconcile the payments without a 'final demand' getting in the way?

One popular existing way to pay regular bills is through the Direct Debit service, whereby permission is given to a trusted biller to take a notified amount on a certain date. And yet, in a world where we're used to being able to make flexible amendments in real-time, the control rests with the biller rather than the payer. All it takes is an unforeseen change

to personal cash flow and returned payments and unpaid bills can result in a lose-lose situation.

Only the person paying a bill can have full visibility of their own cash flow and finances – so it makes intuitive sense that, even with a fixed payment date, greater flexibility for payers will result in fewer missed payments and better outcomes all round. This insight gave birth to the idea of Request for Payment, a user-centred service that addresses the needs of payers, delivers value to billers and has a positive impact on the UK economy as a whole.

Meeting the needs of users is foremost in the success of any mooted payment innovation and I would like to thank Eclipse Experience for their expertise in user research and the important contribution they have made in developing the concept that is outlined in this report. The real-time infrastructure used for Faster Payments has the potential to complement any new service. Moving from a system where billers say "we will take £x on this date" to one where they say "please arrange to make payment in the most convenient way by this date" would offer greater flexibility and control to anyone that needs to pay a bill. As outlined by the research in this report, this could be particularly useful to people with irregular or lower incomes.

A Request for Payment service could help customers manage their bill payments and cash flow more effectively, support individuals with their financial decision making, and even create a better channel for direct dialogue between payers and billers, enabling a more personalised customer service experience. We are excited by the possibilities - it is essential that any Request for Payment service is designed to help improve communication

channels for payers and billers, and takes into account security and data protection – and we are now focussed on working with stakeholders to discuss and validate our ideas further

We have asked Accenture to conduct an in depth analysis of the economic benefits of a Request for Payment service outcomes of which are published alongside this report in *Economics of Request for Payment*. This report quantifies the economic benefit to payers, the billers, the Payment Service Providers and the UK economy.

The findings of both pieces of work were shared with the Payments Strategy Forum, and received well, to support their desire to improve the end user experience of UK payments for all service users.

We will take these conclusions on how the Request for Payment service could be delivered to payers and billers and use this to help architect an overarching solution.

We would welcome any feedback or observations you have in respect of this report or the Request for Payment service in general please contact us at development@fasterpayments.org.uk

We all want control of our finances. Request for Payment has the potential to be a great way of making that happen.



Craig Tillotson

Chief Executive, Faster Payments Scheme Limited

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Responding to a need for more user-centred payment solutions

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In January of 2016, Faster Payments came to Eclipse Experience with an interesting challenge. They asked two key questions. "How can we create a service that will allow companies (Billers) to send individual requests for payment directly to their customers' (Payers) mobile devices?" And, "would Payers and Billers find value in equipping that service with a flexible payment method that would give Payers greater control over their bill payments?" They called it a Request for Payment service.

Eclipse Experience specialise in understanding people's needs, behaviours and motivations through user-centred design research. Over the first half of 2016, Eclipse and Faster Payments worked together with consumers, diverse Biller organisations, various senior leaders and experts across the industry to understand the needs of Payers and Billers related to payments.

The multidisciplinary team of consumers, designers and researchers engaged with Payers, Billers and banks to design potential features and functions of the service concept. It was all brought together in a Request for Payment service concept that addresses current Payer detriments as identified by the Payments Strategy Forum (PSF, 2015) with a compelling and relevant value proposition. This report outlines the approach, the understanding gained, and the service concept that emerged during several rounds of user-centred research and design.

The challenge Faster Payments set out is an important one, focused on delivering

a solution to Payer detriments around greater control over payments, increased customer assurance and greater customer financial capability. The service seeks to make a positive impact on Payers' lives while delivering real and measurable benefits to Billers of all types and sizes. This is an ambitious and timely challenge for the following reasons.

The nature of work in the UK is changing. Many people are experiencing increasing irregularities in working patterns, making them more susceptible to inconsistent cash flows. Latest UK figures have shown that 744,000 (2.4% of the population) people were employed on a zero-hours contract in their main job (Office for National Statistics, 2015).

In addition, self-employment is higher than at any point over the past 40 years. A recent study finds that it is the fastest growing form of employment in the UK, along with the number of workers dependant on zero-hour contracts (Office for National Statistics, 2014). These types of employment often result in greater variability in the timing of payments being received versus outgoings which remain regular. This can cause financial difficulties and contribute to living in a constant state of stress. This is something many research participants echoed during in-context interviews conducted during this initiative.

Another reason for Request for Payment's relevance is that this service concept arrives at a time when banking by smartphone has become one of the leading ways for people to manage their finances. In 2015, UK customers moved £2.9 billion a week using banking apps

- up from £2 billion in 2014 (BBA, 2015). It is reasonable to expect smartphones to take an increasingly central role in delivering holistic payment services over the next few years. UK consumers have proved to be very open to adopting new products and business models from banks as well as other service providers. This openness is stimulating a demand for more disruptive and innovative financial services.

And finally, the UK Government is committed to supporting innovation in financial services to strengthen the UK's position as the world's preeminent financial services hub. Regulatory changes in the payments industry, aimed at enabling payment service providers (PSPs) to leverage the banking infrastructure, are designed to stimulate more innovation and competition. We could see the number of payment service providers grow further from the 1,500 already present in 2015, and impact greatly current payment systems.

Request for Payment aims to solve an urgent and important challenge and to provide tangible positive benefits to the Payer, the Billers and the UK economy as a whole. Faster Payments is committed to putting people and their needs first and, along with Eclipse Experience, invite you to take a closer look at details of the Request for Payment service concept.



Ben Fehnert *Founder,* Eclipse Experience

DELIVERING A USER-CENTRED SERVICE

Eclipse is committed to understanding complex socio-cultural situations and helping create products, services and experiences that can generate meaningful behavioural and systemic change

We work in an agile, iterative and participatory way to deliver insights and ideas that help organisations make the user-centred decisions that lead to compelling products and services.

THE CHALLENGE

To deliver a user-centred service that addresses the needs of Payers, delivers value to Billers, and has a positive impact on the UK economy

VALUE PROPOSITION

Request for Payment is a flexible payment and bill management service concept that offers Payers more control over bill payments

SERVICE CONCEPT

Request for Payment aims to help people...

...manage bill payments and cash flow more effectively

...establish direct dialogue with Billers to help deliver a more personalised customer service experience

...support consumers' decision making with regard to their individual finances



INSIGHTS & IMPLICATIONS

Over the course of the initiative, the team of researchers and designers crafted a set of insights about the needs of Payers and Billers as well as implications to the evolution of the service concept and the initiative's strategy moving forward. A detailed look at these insights can be found in the Insights section (pgs. 20-29).

INSIGHTS

EXISTING PAYMENT METHODS DO NOT ALWAYS ADDRESS PAYER AND BILLER NEEDS FOR FLEXIBILITY AND CONTROL

BILLER COMMUNICATION
CHANNELS FALL SHORT OF
PAYERS' EXPECTATIONS FOR
CUSTOMER SERVICE

THERE IS A LACK OF TOOLS AND RESOURCES TO BETTER UNDERSTAND AND MANAGE PAYMENTS

BILLERS AND BANKS
EXPECT REQUEST FOR
PAYMENT TO ENHANCE
THEIR BRAND

SECURITY RISKS AND
DATA PROTECTION AFFECT
ADOPTION OF NEW
PAYMENT SERVICES



SELECTED IMPLICATIONS

What is the potential for impact of Request for Payment in the current payments landscape in the UK?

How can Request for Payment replace some of the existing safety nets and strategies that Payers use but loathe? How can we continue to refine the Request for Payment flexible payments mechanism to deliver maximum value for both Payers and Billers?

What role should Request for Payment play in the Biller's and bank's Customer Relationship Management process and structure? How quickly do the Biller accounting systems need to be updated with Request for Payment customer activity?

What would be the nature of the legal relationship between banks and Billers and the types of information they would need to share?

How can Request for Payment better support Payer' decision making alongside a core and reliable payment mechanism? What type of financial management education and in what form will need to be delivered alongside the Request for Payment service?

How can Request for Payment help Billers reduce operational expenses related to customer debt management and learning?

How can Request for Payment meet and exceed the quality of the Biller customer experience and help avoid brand exposure risk? How can Faster Payments keep 'providing value to Payers' as a driving force when facing technology implementation and integration challenges? What are existing business models that Request for Payment may utilise and to what degree do they need to be redesigned to fit the service concept?

How can Request for Payment leverage the inherent trust Payers place in banks to accelerate adoption of the service? What type of information sharing practices will make Payers confident in the service given their desire for privacy protection and transparency of process?

What are the key factors in the Payer's apprehension to conduct their financial affairs exclusively via mobile banking applications?



APPROACH

Designing user-centred service concepts

This initiative employed a user-centred design approach (Figure 1) to help identify latent Payer needs and related opportunities to deliver a compelling and relevant service to both Payers and Billers.

The approach helps maintain emphasis on the end user needs as the initiative moves from early concepts all the way through to high-fidelity prototypes and planning for implementation.

Although presented as a set of steps for clarity, the process is not linear but iterative. It is

also informed by the nature of each individual challenge. In short, the team designed a bespoke approach to suit the needs of the Request for Payment initiative.

The outcomes of user-centred research and analysis include structured insights, supporting stories of relevant participant experiences and visual models like the ones you will see throughout this report. These include implications to the design of the user experience, and to the broader strategy, including the positioning including positioning, business model, and technology delivery.

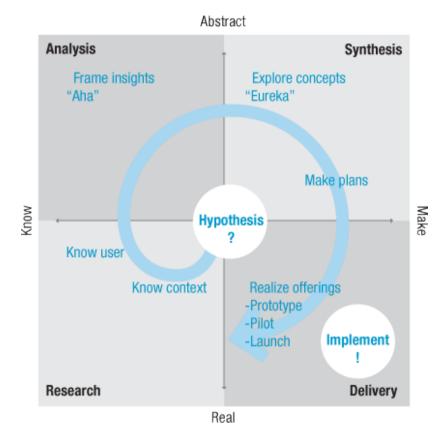


Figure 1. User-centred innovation process model 101 Design Methods, 2012

Primary research with Payers and Billers

Eclipse Experience employ a 'design-led user research' methodology which means using interactive prototypes to explore Payers behaviours in context of payments. This approach helps to bridge the gap between insights and design much faster and allows participants to slip into the context of use for the solution more naturally. The result is a robust, generative conversation about payment related needs and behaviours as well as the opportunity to evaluate early stage concepts and features.

Primary research with senior leaders and experts

Additionally, the researchers and designers sought to leverage the wealth of knowledge and experience from senior leaders and experts across Faster Payments, their Paym sister organisation and the banking industry. They engaged through semistructured in-depth interviews.

Kurt examining the prototype during one of the Payer in-depth interviews

Secondary research

In addition to the primary research (described above), the researchers explored the world of payments and payment solutions through targeted

desktop research focused on understanding the latest developments in the payments industry and key data on customer payment behaviour. References can be found on page 42 of this report.



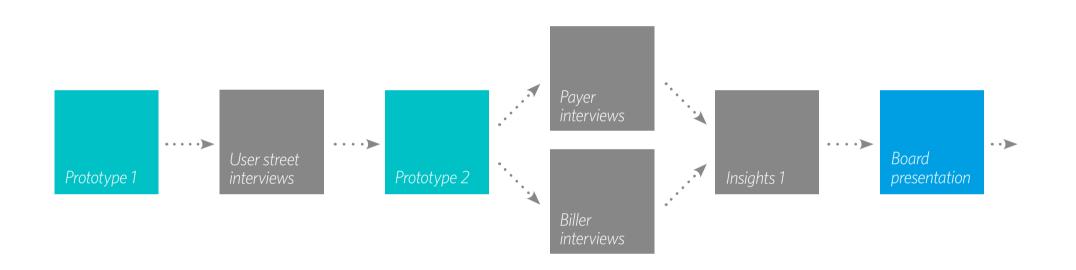


PROCESS OVERVIEW

The following diagram shows the work carried out in the first six months of the initiative. The output of this work will feed into the next phases of the initiative led by Faster Payments.

PRE - INITIATIVE

PHASE 1 - UNDERSTANDING PAYER DETRIMENTS



STATIC PROTOTYPE 1

Faster Payments designed Payer and Biller wireframes and prototype

USER RESEARCH 1

Short, ad-hoc user concept reviews of the Payer prototype

INTERACTIVE PROTOTYPE 2

Interactive Payer experience prototype along with research stimulus

USER RESEARCH 2

Semi-structured in-depth field interviews with Payers and Billers

INSIGHT DEVELOPMENT 1

Analysis and synthesis of data from Payer and Biller interviews into insights

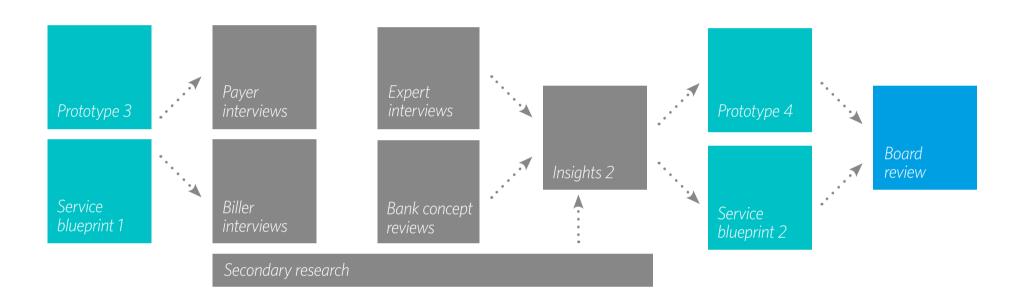
BOARD PRESENTATION

End of phase presentation covering progress of initiative and outcomes of user research

- Service design
- User-centred research
- End of phase



PHASE 2 - ITERATIVE USER-CENTRED SERVICE DESIGN



INTERACTIVE PROTOTYPE 3

Design of Request for Payment interactive prototype and the service blueprint document

USER RESEARCH 3

Semi-structured in-depth field interviews with Payers, Billers, banks and experts

SECONDARY RESEARCH

Desktop research exloring relevant existing solutions and market data of payments in the UK

INSIGHT DEVELOPMENT 2

Analysis and synthesis of data from all streams of research and Phase I insights

INTERACTIVE PROTOTYPE 4

Interactive prototype version 4 and refined service blueprint document

BOARD REVIEW

Request for
Payment
service concept
presentation to
Board of Directors
of Faster Payments

RESEARCH APPROACH

The following section represents all of the user research executed during the Request for Payment initiative. It includes research with Payers, Billers, as well as industry and Faster Payments' experts.

Payer participants (All names have been randomly assigned to protect the participants' privacy)



BRAD

Zero-hours, events contractor 26-34 years old



CHARLES

Agency staff administrator 26-34 years old



CURTIS

Agency hospitality employee 26-34 years old



DANE

Freelance artist 26-34 years old



DALTON

Fixed term hospitality employee 26-34 years old



DOROTHY

Full-time real estate agent 18–25 years old



HOWARD

Freelance designer 35-49 years old



JAMES

Freelance graphic designer 26-34 years old



KAREN

Freelance writer 35-49 years old



KEVIN

Freelance game developer 18-25 years old



KIRA

Zero-hour contract fundraiser 18-25 years old



KURT

Full-time financial data analyst 26–34 years old



MAGGIE

Fixed term retail employee 26-34 years old



MARY

Freelance artist 26-34 years old



NED

Freelance developer 26-34 years old



NICOLE

Student with family support 18-25 years old



PHYLLIS

Freelance administrator 35-49 years old



SAMANTHA

Full-time account 26-34 years old



SEVERINE

Full-time public health worker 50+ years old



VERONICA

Student with odd jobs 18-25 years old

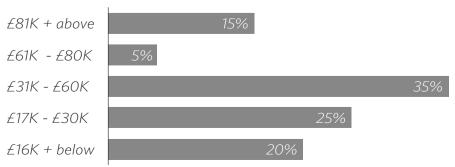


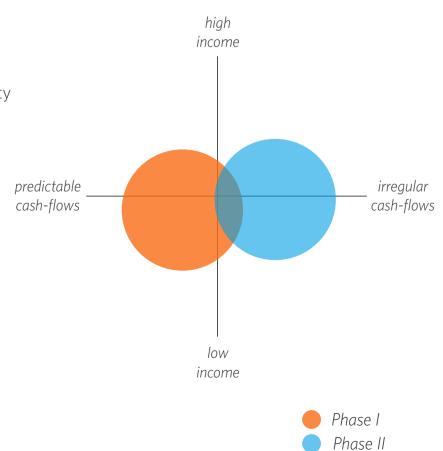
Female Male

Segmentation

Eclipse aimed to engage with a range of Payers who may find it difficult to pay their bills. This meant speaking to mid-low income Payers but included some mid-high income participants as well. Phase II also involved a greater number of participants with some degree of irregularity in income patterns such as freelancers and zero-hours contract workers earning both high and low incomes.

DISTRIBUTION OF PAYER PARTICIPANTS ACROSS INCOME RANGES





Biller participants



Researchers engaged with a range of Billers. The categories below represent the breadth of organization types by size, industry, ownership type and the role of the participant in the organization. Research began with small to medium sized organizations and then widened its scope to include large, corporate Billers - those with bigger consumer markets and more sophisticated accounting systems. This helped to identify how the service could work and be delivered across Biller sizes and types.

SIZE	INDUSTRY	ROLES	
Sole proprietor	Construction	Head of Customer Solutions	Head of Payment Strategy
Small	Fin. Services	Head of Technology	Head of Operations
Medium	City government	Head of Innovation	Sr Mgr Customer Experience
Large	Education	Product Manager	Contractor
	National govt.	Consultant	
OWNERSHIP	Energy		
Private	Travel		
Public	Pro. Services		

Other participants

Additionally, the researchers gained valuable industry insight from various subject matter experts and specialists at various levels in the organisations.

FINANCIAL INSTITUTIONS	EXPERTS	
Established banks	Product management	Strategic leadership
Challenger banks	Development	Risk
	Tech operations	Legal
	Operations	

Research plan

The researchers focused on specific topic areas in order to answer the key research questions for the design of the Request for Payment service concept.

TOPIC AREAS

- Types of payments made/received
- Perceived value of the service
- Alignment with Biller payments strategy
- Payment process and scenarios
- Data sharing and privacy
- Payer and Biller interactions

- Payments management
- Employment and cash flow interaction
- Instances and impact of financial stress
- Trust in banks
- Communication with Billers

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KEY RESEARCH QUESTIONS

- What does the world of payments look like for Payers and Billers?
- What would constitute a compelling value proposition for Payers and for Billers?
- In what payment scenarios would Request for Payment be of most value to Payers and Billers?
- How might the Request for Payment service give Payers and Billers flexibility and control over bill payments?
- How can the Request for Payment service integrate with Biller's existing financial management systems and processes?
- How can Request for Payment strengthen the existing relationships between Payers and Billers?



ABOUT INSIGHT PAGES



The following pages present the insight developed from information collected during user research with Payers, Billers, banks and Faster Payments, as well as from ongoing, informal conversations with these groups. The insights bring to life existing payment behaviours, motivations and needs across a range of individuals and organisations. From low to high income earners, large corporate Billers to charities and sole traders, and from established banks to new payment service providers (PSPs). The insights identify gaps and challenges to making, collecting and managing payments and introduce how the Request for Payment service could address these.



INSIGHT DEVELOPMENT MODEL

Insights were derived from a range of research activities. These insights in turn were used as the basis for the iteration of the Request for Payment service design.

GUIDE TO INSIGHT PAGES



- **MAIN INSIGHT** high level insight statement
- **DESCRIPTION** detailed explanation of main insight
- **USER QUOTE** direct quote from Payer and Biller participants
- **USER STORIES** narrative from one of the study participants
- **SUPPORTING THEMES** a more detailed view of the insight
- 6 MARKET DATA supporting data from other sources

MAIN INSIGHT

Existing payment methods do not always address Payer and Biller needs for flexibility and control

Payers across all income levels want to be financially responsible and make payments on time. However, factors like unpredictable work patterns, unexpected financial needs and managing multiple payments can make it difficult to pay bills on time and in full. Payers desire more flexibility in choosing how to pay and more control over the timing of these payments.



"I think there's a risk when everything goes out with Direct Debit...if it [payment] is automatic then you're more likely to miss it going out."

PAYER STORY

Balancing irregular cash flows with regular bills

Karen is a freelance writer who earns a high income and is relatively well off. Despite this, she often relies on her savings to pay for large bills, such as her mortgage and credit card, because her work comes in waves and clients do not always pay her on time. Whilst she prefers the convenient, 'out of sight, out of mind' nature of Direct Debit, she recognises that, at times, it can cause unnecessary problems for people like her with fluctuating cash flows.

SUPPORTING THEMES

Payers and Billers want more choice when making and collecting payments

Changes in work patterns are contributing to increasingly irregular income patterns. These changes along with unexpected financial stress pose risks when payments do not align with positive cash flows for Payers. In these moments, the rigidity and automatic nature of methods like Direct Debit can lead to bounced payments, overdrafts and other charges. Payers would welcome a flexible option that complements existing payment methods.

Societies, clubs and other small Billers, often lack credit history to enroll in Direct Debit and lack the resources to outsource it. They value having an additional option that suits their needs while banks would welcome an option that reduces their risks.

Charities also see benefits in Request for Payment as a new payment option. They often ask their donors to use pay-by-text, which can take months to process. They also appreciate that a service like Request for Payment can help alleviate pressures to donate by asking donors to accept a request.

Payers rely on financial safety nets and diverse strategies but would prefer to not use them

Many Payers spoke about their desire to be financially responsible but can find it difficult to pay their bills at times. This can be caused by gaps in employment, managing multiple payments or even unexpected financial crises. In these instances, they rely on savings, loans, parents and friends for financial survival.

In extreme cases, Payers resort to cancelling services, delayment or total avoidance of payments in order to cope with the situation.

Whilst these strategies work in the shortterm, they are often awkward, unreliable
and can lead to a spiral of debt. Payers feel
less responsible when borrowing money
from others, relationships with service
providers can become complicated when
cancelling services, and late or missed
payments can lead to costly fees. Billers
(and banks) see Request for Payment as a
safer, more responsible way for Payers to
deal with these unfortunate realities of life.

Payers someti
payment arrar
like landlords.
mentioned pa
breaking it up
needed. These
are built on m
outside leases
structures. If of
can expose bot
financial risks.

Current flexible payment schemes can be problematic for Billers and Payers

Some large, corporate Billers offer flexible payment schemes like payment plans to Payers in scenarios when they are late or have missed a payment altogether. In short, these mechanisms are reactive rather than proactive. They are also costly for organisations, and demand significant time and resources - ranging from employing personnel, to mailing Payer notifications, and developing debt management programmes with call centres and expensive software solutions.

In addition to these formal mechanisms, Payers sometimes engage in informal payment arrangements with individuals like landlords. For example, Payers mentioned paying their rent late or breaking it up in installments when needed. These informal mechanisms are built on mutual trust and often exist outside leases and other regulatory structures. If compromised, they can expose both parties to legal and financial risks.

MARKET DATA INDICATES

42% of Direct Debit current account holders [in the UK] have paid bank charges for bounced payments.

Opinium Research (2013)

MAIN INSIGHT

Biller communication

Biller communication channels fall short of Payers' expectations for customer service

Both Payers and Billers are willing to discuss payment related issues with each other. However they both feel that current communication channels are often inefficient, circuitous and not adapted to their needs. The Payers and Billers we spoke to desired more direct lines of communication to streamline issues and to improve customer service.



"[Customer service] will be more tailored...if someone calls you [back], I would be impressed and I would have a lot of confidence in the [service]."

PAYER STORY

Solving payment issues in today's busy world

Dane is a freelance artist with little free time. He likes to speak directly with his service providers, but complains that he is often put on hold or asked to repeat an issue several times to different people. He desires a more personal experience from his service providers that doesn't feel like a waste of time and energy and can help him solve his problems.

SUPPORTING THEMES

Billers and Payers desire a more seamless, customer-centric communication channel

Payers are often left frustrated and disappointed when forced to contact their service providers for payment resolutions. They contact their Billers when they don't understand a bill, believe they have been charged the wrong amount or can't make a payment. They are put on hold, passed around to different departments and often asked to repeat information. They spoke about a need for a direct communication channel that can help them and Billers get to the right person faster with less energy and time spent doing so.

Large Billers recognise that their customer service often falls short of Payer expectations. They spend a substantial amount of resources on payment disputes and debt management conversations. They know improving these interactions enhances their overall customer experience. Many Billers are willing to invest in the right tools to strengthen their relationships with Payers.

Correct information about Payers is key to delivering better customer-service

Many Billers simply do not interact with their customers beyond reconciliation of problems with payment or service delivery because keeping up to date contact details is proving too difficult and costly. For Billers it's important that Payers have control over a preferred contact method, that they share their contact numbers and describe reasons behind why they want to get in touch. Collecting this information can help Billers make contact in ways that best suit their customers, reduce time spent on updating contact information, and direct issues to departments most suitable to the needs of their customer's issues.

Billers want to also understand why Payers decide to avoid, delay or breakup a payment. They rarely receive this information when they post bills and see an opportunity to collect this information through the Request for Payment service. Opening up a line of communication can help reduce 'head in the sand' behaviours (avoidance) by Payers when faced with a payment they can't make on time.

Issue resolution could be enhanced with use of reference numbers

Billers and banks of all types spend significant resources on reconciling payments. Incorrect payment and bill amounts, bills sent to wrong Payers and random payer references can all trigger reconciliation issues for Billers.

Attaching a reference number, bank account and other information to each request in a systematic way has the potential to enhance these processes. Furthermore, allowing Billers to add their own reference numbers to each payment request, that Payers can't change, can help reduce volumes of reconciliations.

Finally, there is an opportunity to make sure that Billers and banks reach their customers in traditional ways such as phone and post. Billers in particular often struggle to maintain up to date contact information about their customers. Whether it would be mailing addresses or mobile phone numbers, having a direct to consumer channel could be hugely beneficial for both Billers and Payers as they both desire an improved customer service experience.

MARKET DATA INDICATES

18% of those who have difficulties to pay rent/mortgage do not open the post if they think it is a bill or late payment reminder.

Winch, J. (2014)

MAIN INSIGHT

There is a lack of tools and resources needed to better understand and manage payments

Making responsible payment decisions is important to Payers across income levels and Billers of all shapes and sizes. Better tools and customisable payment options are needed to optimise customer payment behaviours and business decisions.



"I would say that this [seeing all payment requests] is quite useful...if all [requests] are paid, your account is still at £180. So you can say, 'Ok, I can pay everything'."

PAYER STORY

Payment and account information at your fingertips

Nicole is a young student who is developing her financial management skills. She regularly checks her account balance and keeps an Excel spreadsheet of her expenditure to see what she can and can't afford each week. Whilst this works, she would like to access this information in real-time and in one place to make quicker, more accurate financial decisions.

SUPPORTING THEMES

Payers and Billers desire more holistic views of their payments and cash flows

People draw on several factors when making payment decisions. They consider the amount they owe, current account balances, other payments and expenses as well as their income pattern. Accessing this information is time-consuming, the information is often presented in confusing ways and it's difficult to do this all both on-demand and on-the-go. Payers spoke about their desire to see all of their payments and bank balances alongside each other, in one place, to help them plan and allocate their resources more responsibly.

Small and medium sized buinesses also desire more holistic views of their business. Having a total view of payments, invoices, deposits across all their customer accounts would help them manage their basic business financial affairs much more efficiently and accurately.

Payers categorise payments in individual ways to better understand their finances

Payers across all income ranges and with both regular and irregular employment want to develop smarter payment habits and behaviours by understanding how much they're spending and on which bills.

To do this, Payers desire more control over how payments are categorised on statements and elsewhere in their bank accounts. For example, Payers would like to be able to apply tags like 'utilities' or 'subscriptions' to payments to make it more recognisable and more aligned to the mental model they have developed when managing their own finances.

This is an opportunity to help individuals better understand their payment patterns and to use Request for Payment to improve their basic financial management skills.

Flexible payment options can maintain or build financial responsibility among Payers

Payers across all income ranges have difficulties paying their bills at some point in their lives. Their reasons ranged from managing multiple large payments at once to dips in income and gaps in employment. In these instances, when it is not most beneficial for them to make a full payment, Payers see a partial payment as a gesture of goodwill that signals to Billers their intent to pay off the rest. Simply deferring or breaking up a payment for a short amount of time can help them overcome an instance of stress and still maintain responsiblity. It would also alleviate a significant amount of anxiety and debt due to delinquent payment fees for Payers.

Billers also see value in flexible payments. It means they have the opportunity to receive at least a portion rather than none of a payment from those who can't pay their entire bill on time. They also believe it could help to decrease costly debt management processes that are typically triggered immediately after a payment is overdue.

MARKET DATA INDICATES

33% of British workers say they tend to live paycheck to paycheck to make ends meet.

CareerBuilder (2015)

MAIN INSIGHT

Billers and banks expect Request for Payment to enhance their brand

Billers and banks see a potential for Request for Payment to deliver a compelling, usercentric payment service. They also recognise that if a few considerations are addressed and the service delivers against Payer expectations it could have a significant benefit for their customers and the organisation.



"If anything goes wrong with it [the service] then I am not sure who would be responsible here. Whatever the case may be, we would be at risk in terms of brand exposure."

BILLER STORY

Enhancing brand equity through Request for Payment

The payments strategy team of a large, corporate utility company recognise that adopting Request for Payment would have an impact on their brand. Clearly defined roles for Billers and banks as well as delivering a service that meets Payer expectations will help to avoid risks and increase their brand equity in the eyes of their current and potential customers.

SUPPORTING THEMES

Billers and banks desire a payment service that aligns with existing structures

Company size, processes and practices dictate Billers' and banks' service delivery needs. They have systems and processes in place to manage payments and customer relationships. Changes to these would require some investment and time to implement. Any solution that fits into existing structures will likely be more appealing to those in charge of implementation due to cost and degree of complexity of development.

Billers spoke about the need for the service to submit payment files in much the same way as they currently do. They also prefer that the information they receive from Request for Payment aligns with their existing data structures to avoid significant operational and infrastructure overhaul.

Large banks also recognise that an introduction of the Request for Payment service will add to the complexity of their systems and may take time to implement. At a time when the payment service market is opening, it is key to consider how implementation challenges could influence adoption rates among Billers and banks.

Experts see a path to 'customer-centricity' via the Request to Pay service

Most recognise that helping Payers pay their bills responsibly is at the heart of Request for Payment. To achieve this they understand that payment mechanisms must be simple, the service has to be accessible for Payers and its benefits need to be well understood by both Payers and Billers.

Financial services are often too complicated for many Payers to understand. Billers and banks believe Request for Payment could be a gamechanger for Payers by providing a simple way to defer or break up payments.

Billers, banks and Faster Payments also recognise that any payment service needs to be accessible to all Payers. From those with low confidence to those with learning and physical disabilities and to the digitally and financially excluded. Making Request for Payment simple and well understood can have a significant positive impact on early adoption of the service by Payers across all categories.

Request to Pay can be a tool for developing better brand equity with Payers

Meeting Payer expectations of a good digital payment service experience is fundamental to the success of Request for Payment. According to Billers and industry experts, the service can positively influence the brand equity of those Billers who offer it to their customers. They see Billers delivering a better overall customer experience as the driver of the potential brand equity growth.

However, questions of roles, ownership, rules and distribution of responsibilities between Billers, banks and Faster Payments in the service structure are still unanswered at this point in the initiative.

For example, delivering a way for Payers to inform Billers of their contact preferences through a banking app is complicated both from technology and risk/legal perspectives. Billers are mindful of how the service aligns with their own digital customer journeys and brand image. This will need to be explored extensively in future phases of the initiative.

MAIN INSIGHT

Security risks and data protection affect adoption of new payment services

Payers, Billers and banks are concerned with trust and security when making payments. Risks of fraud and misuse of personal data are top of mind for many Payers. The adoption of a new payment service rests on a service provider's ability to gain Payer confidence in these areas.



"I just trust my bank more with my [personal] details...I'd rather not give them to anyone else. I do use PayPal but just because it seems safe...and my friends use it."

PAYER STORY

Making payments via trusted services and providers

Maggie is a fixed-term retail employee who inherently trusts her bank's brand. She believes her bank is highly regulated and protective of her data, and she extends that trust to all of its services like mobile banking. Maggie rarely extends this trust to other service providers unless her peers recommended them, or they have positive user reviews and reputations.

SUPPORTING THEMES

Payer's trust established bank brands at the moment, but not completely

Payers spoke about being protective of their personal and financial information for fear of scams, privacy breaches and irresponsible use of their behavioural data. They require service providers to keep this information safe and secure.

Currently, the majority of Payer's trust sits with their bank's brand. Payers associate bank brands with strong regulatory standards, high levels of security and a legacy of delivering trusted financial services. Payers spoke about how this inherent trust in banks carries into any services delivered by their banks.

However, Payer's trust is not absolute and exclusive to banks. They are willing to engage with other service providers as long as they earn similar levels of Payer confidence which they evaluate on a case by case basis.

Payment request legitimacy is top of mind for all parties involved

Payers, Billers and banks all expressed concerns around the legitimacy of a request delivered through a Request for Payment service. All groups recognise that digital environments pose greater risks of scamming and fraud. In order to gain Payers' trust and adoption, all those involved need to feel confident that a request is sent to the right person and from a genuine source.

Any cases of fraud or scamming may result in money lost for Payers. It will also have an impact on an organisation's brand, customer relationships and expose them to legal risks. Allowing Payers to accept and discuss a request and introducing authentication measures like verification codes can work to reduce these risks and to build confidence in the request.

Payers want transparency in how their data is used and what it will mean for them

Payers understand that their data is vulnerable in today's digital world. They generally find data collection and aggregate use of data by service providers reasonable and expected when it provides a greater benefit, such as increased efficiency to the service provider or a general public good. This means using Payer information at a macro level to understand payment behaviours and trends.

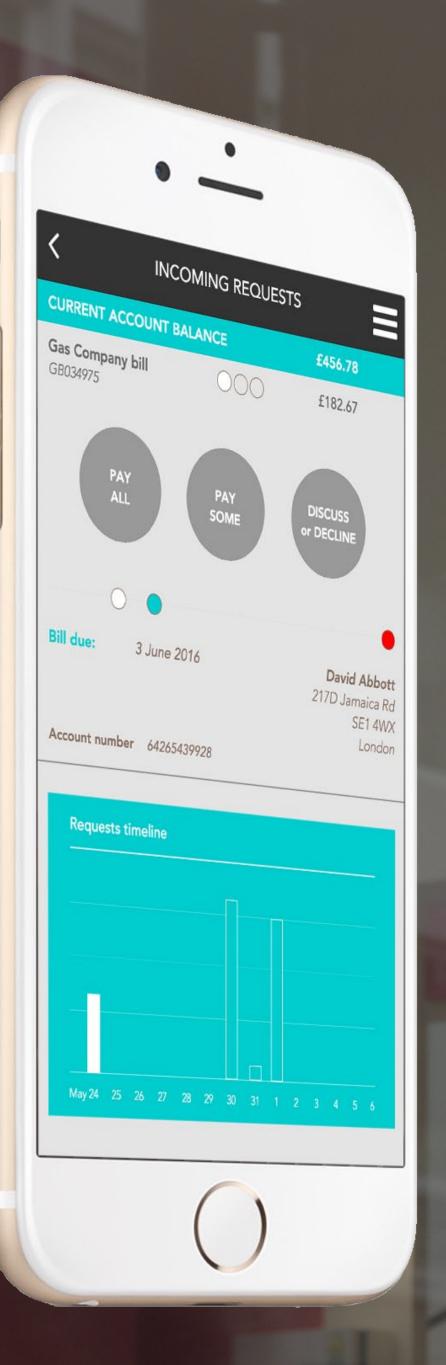
Payers are, however, less comfortable and weary of the reasons, purpose and implications of data use at an individual level. Payers are weary of data being used against them in some way and desire a share of the value their data generates for the organisation using it.

For example, Payers were concerned that delivering a Request for Payment service through a mobile banking app would mean exposing their account balances, payment behaviours and other details to Billers that may affect this relationship in some way.

MARKET DATA INDICATES

Mobile banking is the most trusted financial industry sub-sector globally.

Edelman (2016)



REQUEST FOR PAYMENT

A USER-CENTRED SERVICE CONCEPT

Request for Payment would help Payers maintain control over their bill payments through flexible payments and integrated bill management features.

REQUEST FOR PAYMENT WOULD ENABLE PAYERS TO

Gain more control

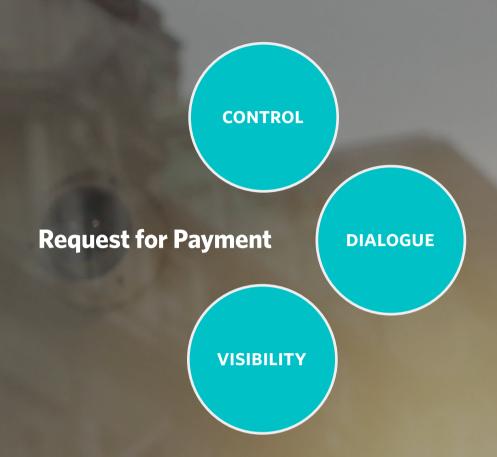
It offers Payers a chance to build more knowledge and confidence in their finances by providing flexible payment options in instances when more rigid options could cause avoidable financial stress.

Establish direct dialogue

It offers different Billers a direct digital channel of communication to the Payers potentially reducing cost of doing business and elevating customer service standards.

Maintain visibility

It helps Payers aggregate all requests and resulting payments into a simple and easy-to-use interface available through their mobile banking application.



HOW REQUESTS WOULD WORK

Request for Payment explained

Request for Payment aims to deliver a payments solution and service complimentary to existing ones for instances when Payers may benefit from more flexibility in timing their bill payments. The Request for Payment service would leverage the Payer's mobile banking app to deliver the requests directly from Billers to Payers instead of the traditional paper bill method.

The diagram below represents the request period for a single request. A request would originate when the bill is issued (bill start date) and remain active until the 'bill due date'. Payers would be able to defer or split up payments within this period offering more flexibility on when the payments leave their current accounts and in what amounts. Additionally, the Billers could offer an optional 'extension period' during which Payers

would still be able to make payments without repercussions. This extension of the request period would be available on a case-by-case basis and entirely optional to Billers participating in the scheme.

Flexible payments options

Request for Payment is designed to be a Payer-centric service that intends to work within the existing legal structures employed by large billing organisations across the UK. Payers would be able to make partial payments or defer payments a finite number of times within the life of a request from 'bill issue date' all the way to 'bill due date'. It would offer Billers a more direct and faster way to collect payments in a way that aligns closer to Payer's cash-flow fluctuations and cycles.



Bill issue date

Bill due date

Request period

Optional Biller extension

CONTROL

Delivering responsible and flexible payment options for more control over cash flow

SUGGESTED FEATURES



Real-time payments

Request for Payment should leverage the Faster Payments real-time payments infrastructure to facilitate the transfer of funds between Payer and Biller accounts. Payers and Billers would both benefit from quicker turnaround times on payments with funds being available much faster than other payment methods.



Partial or deferred payments

Request for Payment would allow Payers to pay a portion of the payment, deferring the rest of the amount to a later date. This feature is designed to help Payers split payments into smaller amounts and derive maximum benefit from the timing of their bill payments.



Reconciliation of hill issues

Request for Payment can enable Payers to begin a conversation with the Biller directly through the mobile banking application. On those rare occasions when a Payer might need to dispute the transaction, it could help reconcile the issue faster without escalating the matter to a delinquent payment scenario.



Cash flow projections

Request for Payment could visualise the potential impact of the payment on their cash flow and the balance of the request amount. This feature is designed to help Payers understand the impact of their payment decisions and help them make better decisions when managing payments.



Behavioural nudges

Request for Payment could leverage known behavioural economic principles to offer better choices that help Payers make responsible financial decisions. More responsible financial decisions can positively impact individuals, families and the UK economy as a whole.



Future dated reminders and requests

The service would offer Payers opportunities to schedule reminders for payments and follow up requests on partial or deferred payments. Keeping requests top of mind would help Payers maintain control of their bill payments.



Canturing customer preferences

The Request for Payment service can help capture the Payers' communication preferences which should find their way to customer relationship managers inside Biller organisations. Connecting preferences with Biller customer relationship management can help develop better customer experiences and strengthen Biller - Payer relationships.

SERVICE CONCEPT DIALOGUE Building stronger Payer-Biller relationships over time with a direct communication channel REQUEST FOR PAYMENT A USER-CENTRED SERVICE CONCEPT

SUGGESTED FEATURES



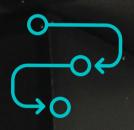
Payments detail auto-fill

Request for Payment should populate all the individual payment details for each request such as account name, reference number and account details. This is designed to reduce the chance of manual input error on the Payer side and ensure the delivery of payment to the right place.



Contact information updates

Request for Payment could help Billers and banks collect and maintain up to date records of ways to contact Payers. This intends to help Payers and Billers maintain a positive dialogue around payments.



Integrated communications

Request for Payment would help connect Payer actions within the service with the appropriate departments inside Biller organisations. This type of integration could help support existing customer relationship management systems and processes in use by Billers.

PEACOCKS



Biller vetting

All Billers should be cross-checked and verified as legitimate business entities to ensure Payers can trust that the requests coming in through Request for Payment are legitimate. This feature of the service is designed to protect the Payers from payment scams and instill a sense of security and confidence in how the service operates.



Integrated account number access

Request for Payment could provide Payers access to all connected accounts and reference numbers in one place. This feature can help Payers to avoid moving between various systems to aggregate information they need when making decisions on payments.



VISIBILITY

Showing Payers the right information at the right time so they can make better decisions about their finances

SUGGESTED FEATURES



Visibility into upcoming requests

Payers would see their upcoming payment requests organised all in one place and visualised in a way that supports both short and long-term planning. This feature can help support better decision making when faced with incoming payment requests.



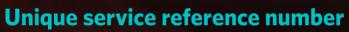
Finite number of deferments

Payers should have the option to defer a portion, or all of the payment to a later date. They would be able do this a finite amount of times and within the request period. This feature should help Payers maintain concrete deadlines and diligence while offering Billers the predictability they desire from a payment service.



Direct delivery of request

Request for Payment would deliver payment requests directly to the Payer's mobile banking app and their internet banking platform. Consistent and accurate delivery of the request along with access to the original bill is crucial to both Payer and Biller adoption.



A Request for Payment could connect bill reference numbers with each request's unique reference identifier. This feature of Request for Payment can help Payers and Billers to track payments against bills and customer accounts reducing the overall cost of reconciliation of missing or erroneous payments.



Linked bills and invoices

A payment request could link Payers with the related bill or invoice. This feature aims to legitimise the request for payment, to reduce the ambiguity around what the payment is for, and offers Billers a mechanism to strengthen their customer relationships.



Payment confirmation mechanism

Request for Payment should deliver a clear payment confirmation process together with the payment services industry legal and risk requirements. Payers would benefit from reduced ambiguity around payment process which should increase their confidence in the service.

OPEN QUESTIONS The things we need to ask ourselves going forward

OPEN QUESTIONS



Which Payer scenarios provide the best opportunity for further Request for Payment exploration and service development?

How do involved organisations need to adapt in order to bring Request for Payment to market?

How can the industry ensure that Request for Payment is a service inclusive and accessible to the entire UK population including the digitally unsavvy?

What are the key Biller value propositions to take forward into development?

How can Billers leverage Request for Payment to develop more sustainable business models across their customer segments? How can Request for Payment evolve to deliver a solution that is both bank and FinTech friendly?

Should the service work the same way for all Biller types and across all industries?

How can the design of the service increase Payer and Biller confidence in the service through security and data transparency?

How to position Request for Payment service concept with Billers and with which Biller types in the first phases of development and piloting?

Should Request for Payment use existing or new business models to deliver the service sustainably?

How will Payers learn about Request for Payment and the impact it may have on their everyday life?

WHATS NEXT

An in-depth analysis of the economic benefits for the Payers, the Billers, the PSPs and the UK economy of the introduction of a Request for Payment service.

Let us know what you think at development@fasterpayments.org.uk

APPENDIX

GLOSSARY OF TERMS



Banks - Direct participant banks and non-direct participant banks we engaged with and who might be potential adopters of Request for Payment.

Billers - Organisations we engaged with who collect payments from their customers and who might be potential adopters of Request for Payment.

Biller experience - Describes the service and the interaction with the service by a Biller representative.

Bill issue date - The date when the bill issued by the Biller and sent to the Payer.

Bill due date - The date when a bill is due, as set by a Biller.

Discuss Request - The communication channel in Request for Payment that allows Payers to contact their Billers.

Faster Payment experts - Senior level management we engaged with from both Faster Payments and Paym.

Freelance - Self-employment or working on particular assignments, rather than working on a regular salary basis for one employer.

Irregular income - An income that cannot be relied on at a certain time and that varies in amount.

Payers - Consumers and/or customers we engaged with who are all potential users of Request for Payment.

Payer experience - Describes the service and the interaction with the service from a Payer perspective.

Request for Payment - a flexible payment and bill management service concept.

Payment methods - Ways in which Payers can pay for goods and services such as Direct Debit, CHAPS, Faster Payment, cash or cheque.

Payment types - Transmission methods for the payment itself such as debit card, credit card, bank transfer, in person at a teller or a branch.

Service blueprint - A tool used to describe the nature and the characteristics of a service interaction in enough detail to verify, implement and maintain it.

Service concept - A service idea that is not fully fleshed out or ready for development.

User-centred design - is a framework of processes (not restricted to interfaces or technologies) in which needs, wants, and limitations of end users of a product, service or process are given extensive attention at each stage of the design process.

Zero-hours contract - A contract between an employer and a worker where the employer is not obliged to provide any minimum working hours, and the worker is not obliged to accept any work offered.

VISUAL ASSETS

Auto fill Created by Nikolay Neucheuhin. www.nounproject.com, [online]

Branded Created by lastspark. www.nounproject.com, [online]

Brand management *Jim Slatton. www.nounproject.com, [online]*

Bullet points *Created by Prasad. www.nounproject.com, [online]*

Confirmed Created by Huu Nguyen. www.nounproject.com, [online]

Contact card *Created by Evan Shuster. www.nounproject.com,* [online]

Eye Created by Edward Boatman. www.nounproject.com, [online]

Guarantee *Created by Gregor Cresnar. www.nounproject.com,* [online]

Hashtag Created by Mike Ashley. www.nounproject.com, [online]

Keypad Created by Thomas Helbig. www.nounproject.com, [online]

Preferences Created by Guilhem. www.nounproject.com, [online]

Reminders Created by Gregor Cresnar. www.nounproject.com, [online]

Routing *Created by CBi icons. www.nounproject.com, [online]*

Schedule Created by Shmidt Sergey. www.nounproject.com, [online]

Users (male and female) *Created by Tu Uyen. www.nounproject.com,* [online]

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COMPANY INFO





Mike BanyardHead of Development

Simon Brooks *Sr. Product Manager*

Faster Payments is the only UK payment system available day and night, 365 days per year, supporting the demands of personal and business customers. In 2015, Faster Payments processed 1.25 billion payment transactions with a value of £1,041 billion.

Faster Payments Scheme Limited (FPSL) is an independent limited by guarantee company established in 2011. The Scheme exists to develop, operate and enhance payment services based upon a shared 24/7 real-time infrastructure.

FPSL's aims are to:

- enable a vibrant and globally competitive UK economy
- allow Payment Service Providers (PSPs) to deliver services that are safe and secure, realtime, simple to use and economically efficient
- stimulate and grow the UK payments market.

FPSL is driven by the long-term needs and aspirations of customers, businesses,

government, the third sector and all types of PSPs including challengers and incumbents. The Scheme operates on a fair and equitable cost recovery basis. It does not seek to make a financial return.

The Faster Payments Scheme is recognised by HM Treasury under the Banking Act (2009) as a systemically important Financial Market Infrastructure, and as such is overseen by the Bank of England. Additionally, FPSL is designated as a Payment System Operator under the Financial Services (Banking Reform) Act (2013).

The scheme publishes an annual self-assessment in line with international governance and operational risk standards set out by set out by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).



Ben Fehnert Founder

Eclipse is a team of design researchers driven to understand complex socio-cultural problems and to help create products, services and experiences that embed meaningful behavioural and systemic change.

Our work is sensitive to the complexity and contexts of everyday lives and we work in an agile, iterative and participatory way to deliver tangible and usable insights and ideas. By helping organisations make user-centred decisions we help to create better products and services.

At Eclipse we believe that infrastructure mobile services and targeted consumer services can have a profound effect on individual and community's wellbeing, health and sense of identity. Yet many of these services are designed with little understanding of people's behaviours and needs in the context of these large-scale structures and services. It's this need for such facilities to be designed in line with human needs that we speak about as 'humanising infrastructure'.

