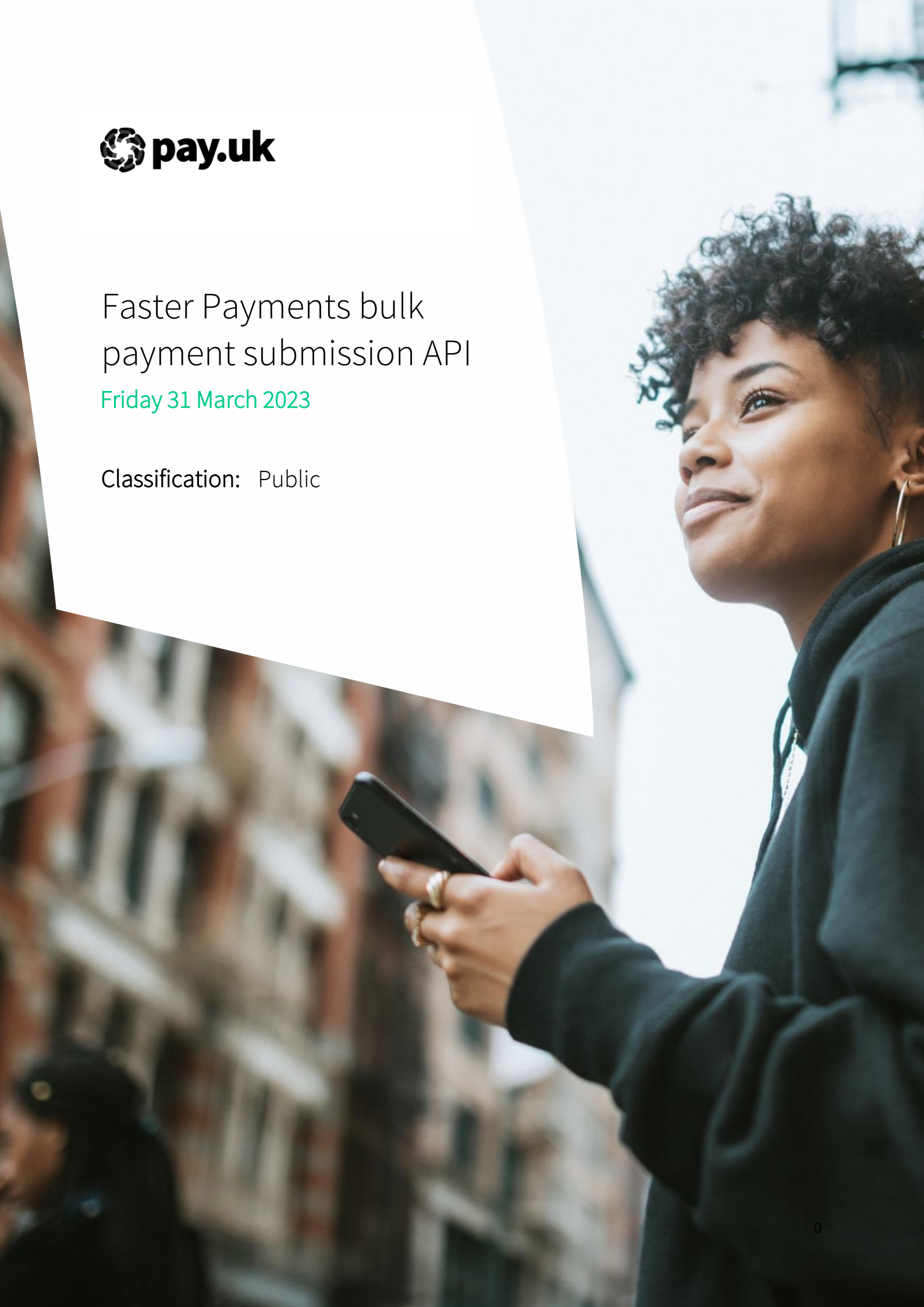




# Faster Payments bulk payment submission API

Friday 31 March 2023

Classification: Public



# Publication of a Faster Payments bulk payment submission API

Standards enable payments; defining how data should be exchanged between different parties within our infrastructure, be it through Bacs, Faster Payments, Current Account Switching, Confirmation of Payee or one of our other services.

In our roles as a mandated standard setter for UK retail payments and industry convenor, we develop standards to define how information should be sent to enable an outcome.

The continuing, overarching evidence from our end-user groups is for us to engage with businesses, corporates and other end-users to help raise awareness of standards and explore how they can unlock benefits for them: tax administration is one industry challenge that we have been playing a key role in unlocking.

## UK SMEs making salary payments through the Faster Payments System

There are 5.5 million SMEs in the UK of which 1.38m SMEs are also employers. 40% of the salaries they pay out are currently made via single transactions in Faster Payments (FPS). As such, we have been supporting HMRC's vision of becoming a trusted and modern tax authority. A key aspect to driving this agenda is unlocking the challenges that SMEs and accountancy software providers have when making bulk salary submissions, via an API, to banks (for them, in turn, to make payments in FPS).

## The challenges for Small-to-Medium Enterprises (SMEs)

Bulk payment submission APIs are already available across the market for accountancy software providers. However, the lack of standardisation by some banks across their API interfaces has been raised to us by accountancy software providers as a barrier to success. A few of these challenges include: some APIs not allowing organisations to be able to make future dated payments, limitations in the volumes of submissions sent by APIs, and a variation in the offerings by banks regarding how trusted beneficiaries are supported. From speaking to stakeholders, SMEs and their accountants want to be able to automate the process as much as possible so less time is spent on the manual effort they currently conduct.

## Unlocking the challenge

In 2022, we started working with HMRC, accounting software providers, a selected group of our customers, and accountants to develop a 'Proof of Concept' connection to the HMRC gateway to submit payroll, and to trial three banks' bulk APIs. Over 500 real salary payments were successfully made with the associated Real Time Information (RTI) attached and submitted.

RTI has been used by HMRC; information about tax and other deductions under the PAYE system is transmitted to HMRC by the employer every time an employee is paid via Bacs.

This trial exercise demonstrated that RTI can be enabled in FPS, using Open Banking, without making any changes to existing services. However, the Proof of Concept also evidenced a wide variance in the

performance and parameter setting of each banks' bulk APIs. These inconsistencies, as well as the operational challenges that are faced when switching between different banks' APIs, are barriers to an effective and consistent submission solution.

### **Our new Bulk Payment Submission API standard**

There are a range of different tax outcomes that can and will be enabled through standardisation but to build on the 'Proof of Concept' and as the next major milestone, **we have today published an API specification for accountancy software providers that seeks to standardise how bulk payment submissions are made**. This will seek to mitigate some of the limitations that existing bulk APIs present for small businesses and accountancy firms.

Our due diligence on this has followed our Board-approved [Standards Framework](#), consulting appropriate stakeholders from a technical build to an end user perspective to ensure that we have a minimum level of assurance that the development and publication of the standard does not create any material unintended consequences.

**By publishing this API standard, it will solve small businesses' pain points with respect to FPS salary submissions.**

This publication, which will be available via our portal Standards Source, is for review and consideration by industry. At this stage, we will not be actively monitoring the API's usage and performance nor are we setting explicit rules around its implementation. However, should there be sufficient demand for us to play this role, we will consider this at an appropriate juncture.

We welcome comments and questions from industry via [standards@wearepay.uk](mailto:standards@wearepay.uk), particularly from accountants and accountancy software providers we have not already spoken with. Where appropriate, we will respond and seek further engagement with them.

We will articulate our approach to wider stakeholder engagement and our next steps for tax standardisation in due course, advertised on our website.



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