



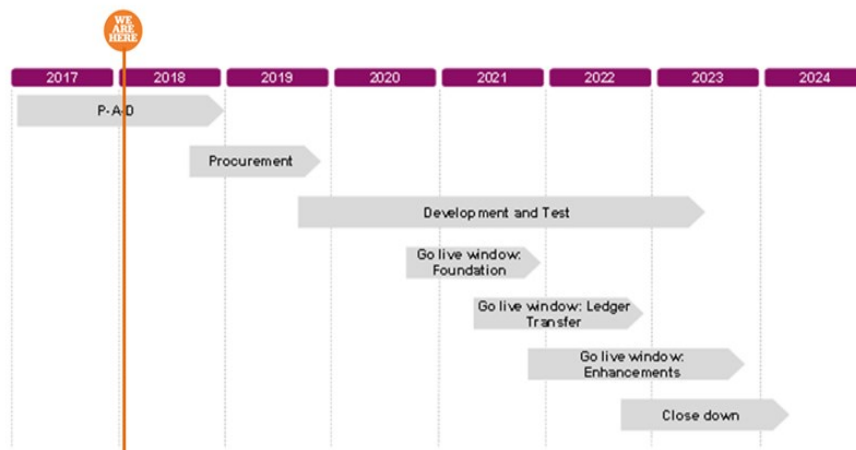
## RTGS Renewal Programme – Round Up

January 2018

Our vision is to develop an RTGS service which is fit for the future, enabling resilience, access, wider interoperability, improved user functionality and strengthened end to end risk management of the UK's High Value Payment System.

### Where are we now?

The programme is in the Plan-Analyse-Design phase. Since the last round-up the programme has baselined the high level scope and more detailed planning is underway. At the industry events in December the Bank set out for the first time the below timeline which provides indicative date ranges for delivery of functionality. The Bank will seek to narrow these ranges as delivery plans are developed in more detail, firms' preferences for transition are incorporated into the approach and key design choices are made. Our indicative timeline suggests potential for new functionality to be delivered from 2020 and the core ledger in 2021 – 2022.



### Highlights since November's round up

- Programme has baselined the high level scope
- Third External Advisory Body held
- Second and third ISO 2022 Data Working Group meeting held
- First and second ISO 2022 Interoperability Working Group
- First Transition working group held
- RTGS Industry Briefing Events
- Transition Questionnaire issued
- Preparations are underway for the second round of supplier market engagement

### RTGS Industry Briefing Event – December 2017

On Monday 11 December and Friday 15 December 2017, members of the Payment industry were welcomed to a briefing event. The events were well attended and contained a panel session including representatives from both the Bank and the External Advisory Body. The Programme provided an update on the RTGS Renewal Programme, including the scope of services and the updated indicative timeline.

Below is a sample of questions asked by attendees at the event and the responses given by our panel;

## How is the Bank engaging with indirect participants?

The Programme is conscious that we need to hear from the wider payment industry as well as direct participants. The composition of the External Advisory Body and the working groups includes both direct and indirect members, including challenger banks and non-bank payment service providers.

## How much will the RTGS Programme cost?

Work carried out through 2017 and the first half of 2018 will inform the overall Programme cost. This will consider both the Bank's own costs but also wider industry costs alongside an assessment of the benefits that we expect the new RTGS service will bring. Value for money will be a key part of this assessment and we plan to share cost estimates towards the end of 2018.

## How will the Programme keep pace with the changing technologies?

Technology will always move at a faster pace than the ability to deliver change, which will be a challenge. The Programme is focused on ensuring the design of the new RTGS infrastructure is modular, with the ability to flex and change as new technologies emerge. The Programme will work with proven technologies whilst ensuring a generational investment to deliver a highly resilient and flexible system.

The next industry briefings will be held in the latter half of 2018.

## RTGS Renewal Programme Working Groups

The **ISO20022 Data Working Group** met for the second time on 24 November and again on the 07 December.

The sessions were used to discuss key data enhancements to payments messages - in particular identifying the ultimate originators and beneficiary of a payments and the purpose of a payment. Amongst other possible data enhancements, these sessions looked at LEIs and purpose codes in detail.

The first **Transition Working Group** met on 8 December. The session focused on shaping the transition questionnaire. The input and feedback provided by the group has been incorporated into the questionnaire and supporting documents.

The **ISO 20022 Interoperability Working Group** met for the first time 22 November, and again on 14 December. This group will advise the Bank on creating a standard that is harmonised internationally and enhances domestic interoperability with Bacs and FPS as they implement ISO 20022.

The group discussed the UK Core Customer Credit Payment; covering the mandatory fields required for settlement in CHAPS, Bacs and FPS. The intention is to align this core credit message across each of the schemes. Also discussed were routing rules, extended character sets and wider issues for prioritisation.

Minutes and papers for each working group can be found on the [Bank's website](#)

## **Transition Questionnaire**

With over £600bn of transactions going through the RTGS system each day, the safe migration to the new RTGS system will be one of the programme's most important deliverables.

On 15 January 2018 the Bank issued a transition questionnaire to direct members and a sample of indirect members. The questionnaire was developed in collaboration with the External Advisory Body and the Transition Working Group. Its purpose is to establish preferences regarding the sequence in which new functionality is delivered and to understand what constraints might impact timelines. Responses are due by 12 February 2018 and the outputs will be discussed at the next Transition Working Group in spring. Outputs will inform the overall transition plan which will be shared with the industry in H2 2018.

## **Proof of Concept: Emerging Technology**

While the core ledger in the renewed RTGS service will not be built on Distributed Ledger Technology (DLT), the Bank intends to deliver a service built with flexibility to ensure it can interface with such technologies as and when they become established in the wider sterling market.

The Bank is currently working on a Proof of Concept with a small cohort of FinTech firms to challenge our vision of what this means. Outcomes from the Proof of Concept will be considered in the suite of functionality RTGS will offer in the future.

## **RTGS/ CHAPS Board**

In November 2017, the Bank commenced direct delivery of the CHAPS service. To provide strategic leadership for the CHAPS and RTGS service, the Bank has established a new RTGS/CHAPS Board. The Board is chaired by Sir Dave Ramsden, Deputy Governor for Markets and Banking. Four independent members have been appointed to the Board: Sandra Boss; Kevin Brown; Noel Harwerth and Lazaro Campos.

## **Strategic Advisory Forum (SAF)**

The Bank is committed to giving an appropriate voice to CHAPS users. A new Strategic Advisory Forum is being set up to contribute to the arrangements for CHAPS. The Forum will be chaired by Kevin Brown, one of the independent members of the RTGS/CHAPS Board. It will be a small focussed group to provide strategic input to the Bank on the CHAPS. We are looking for 10 – 12 members. For further information, please see the Bank's [website](#) or contact [chapsenquiries@bankofengland.co.uk](mailto:chapsenquiries@bankofengland.co.uk). The RTGS Renewal Programme's External Advisory Body will continue to be the primary forum for input to the programme.

## **Supplier Market Engagement**

In September 2017, the Bank held an initial round of engagement with potential technology suppliers. This was not the start of a formal procurement process, but was designed to provide early external insight and challenge to some of the programme's key architecture choices.

Information received through this phase proved extremely valuable, and has informed a decision that the core settlement engine of the new RTGS system will be bespoke built rather than purchased 'off the shelf' – a significant number of choices still remain on the selection of other architectural components and the roles that 3rd parties will take in the delivery of the solution."

The Bank is planning a second phase of engagement, commencing in February 2018. Given that the Bank's thinking on high level scope has advanced, and more detailed planning has been completed, this round will seek further information and clarification from suppliers. It will enable the Bank to complete final preparation before the formal procurement process starts in late 2018.

## RTGS Renewal Programme Workshops

In January 18 the Bank issued an open call for participation in workshops on Global Liquidity Management (GLM) and synchronisation. Key findings from each workshop will be published on the Bank's [website](#).

On 29 January the Bank held a workshop to discuss the possibility of offering on-demand repo liquidity generation in CREST as a means to source CHAPS liquidity.

The session was used to discuss use cases and risks as well as potential benefits it could deliver relative to the current arrangements for intraday liquidity generation. The outputs of the session will be used to inform design.

On 6 February the Bank will host a workshop on the possibility of offering synchronised payments in RTGS. Synchronisation is the concept that a payment in RTGS could settle if and only if another payment (or set of payments) also settled. It has the potential to reduce credit and operational risk whilst supporting innovative forms of payment in the future.

The session will cover use cases, benefits, risks and the potential impact on operations.

The programme also held a workshop with the Association of Corporate Treasurers (ACT) on 11 January

The Bank met with a representative group of payment system end-users via the Association of Corporate Treasurers. It provided an important perspective on the work being undertaken by the Programme, particularly around the implementation of ISO 20022

If you would like further information about the programme, have a question about this round up, or have received this email indirectly and would like to be added to the mailing list, please email [rtgsengagement@bankofengland.co.uk](mailto:rtgsengagement@bankofengland.co.uk)

### We'd love to hear from you...

How engaged do you feel about the RTGS renewal programme, on the scale below?

Very engaged      **10**   **9**   **8**   **7**   **6**   **5**   **4**   **3**   **2**   **1**      Not engaged