

Faster Payments Bulletin no. 3 June 2007

Welcome to the latest in a stream of updates from the team behind www.fastpayments.co.uk. This month's bulletin focuses on the current status of the Faster Payments (FP) industry project as a whole. The aim is to draw more attention to some of the generic issues facing most of the banks implementing Faster Payments, with a specific focus on understanding the growing time pressures on Faster Payments projects.

By this stage of the project you, as FP project managers, analysts, and consultants, will no doubt be looking at a number of different areas of focus. Some will be more pertinent to your business model than others, many being touted as a top priority and a few placed firmly on the back burner due to a perceived lack of impact, project resource stresses, or both.

When the project was first conceived the talk (both inside the industry and in the press) was almost exclusively around the concept of eliminating float. The reality of the project is that Faster Payments goes far beyond that. FP is not just about Faster Payments but about *the* Fastest Payments process possible. As a virtually real-time payments process, FP brings with it a spectrum of benefits for clients and an increasingly more tangible array of problems for banks around credit decisioning processes, fraud risk management etc, as well as the need to implement the project quickly and efficiently.

Many of the interested parties have been realising that, in many ways, this quantum leap in payments processing not only makes Faster Payments a difficult and complicated implementation to undertake, but increasingly that FP will have significant and lasting impacts on industry payment systems as a whole. From areas as diverse as fraud checking to credit decisioning Faster Payments has literally changed the rules of the game. Where businesses used to have a minimum of twenty four hours to make a decision they now face the real possibility of having to use technology and risk processes to manage such decisions almost instantly. The complexities involved in developing these sophisticated technologies and processes to give businesses implementing FP a reasonable risk defence has proven to be exceptionally challenging.

Many of our clearing bank contacts are experiencing extreme difficulty in getting all their componentry ready and tested, basically because at project inception the number of such components affected was underestimated. What was perceived to be just a back office payments change is causing changes in many more areas of the banks than was expected. By now the staging of internal FP launches were expected with certain elements of functionality being well down the path towards being operational (if not quite marketable). This type of activity has yet to surface and November 2007 is uncomfortably close. The degree of complexity of the project appears to be materially increasing.

The Faster Payments team will, of course, keep you apprised of any developments we are made aware of. In the mean time if you would like to discuss any Faster Payments issues, or any of the issues raised by this bulletin please do feel free to contact us via the following e-mail address or by telephone asking for John Cant.

We hope you find this bulletin useful and if you want to share this material with your colleagues or friends in the industry please forward it to them. For them to receive their own copy, they should send an email containing the words FP SUBSCRIBE in the title via the contact function on the website To unsubscribe, send an email containing the words FP UNSUBSCRIBE in the title using the same method. Last but not least, we are interested in your feedback as to what you would find useful in future bulletins. Please let us know via the website.