

Faster Payments



Why was Faster Payments introduced?

Following a review sponsored by the Office of Fair Trading (OFT), a number of changes in the UK Payment Clearing systems were introduced in 2008.

Among those was the introduction of a new clearing scheme, **Faster Payments** – which in normal circumstances, reach the beneficiary's account and are available for drawing by the beneficiary within a maximum of two hours. In the majority of cases, the transactions are completed within a matter of seconds, in 'near real-time'. The additional time being made available for banks to carry out any fraud, risk or compliance checks on the payment, if required.

The service is now running at high capacity, with volumes constantly increasing year-on-year due to strong customer demand to utilise its efficiencies. The main aim of the Faster Payments scheme was to remove all elements of float from telephone payments, internet-initiated payments and Standing Orders – but is now also being used for salary and supplier payments where speed is of the essence. The service is currently supported by member banks, who themselves support most other UK banks to enable nearly every institution to receive and send Faster Payments.

Key Facts

- The central infrastructure for Faster Payments has been developed by VocaLink – the processor behind Bacs and ATM transactions in the UK. Faster Payments is based around the existing standards for ATM transactions and utilises the ISO8583 standard. The platform operates 24 hours a day. It's able to complete transactions between two participating members within 15 seconds, including real-time acknowledgement and confirmation of payment status.
- The Faster Payments Scheme sets the maximum individual transaction limit but individual member banks have the ability to set lower limits.
- Reachability in Faster Payments is achieved through sending and receiving banks' sort codes which need to be registered as Faster Payments Sort Codes and included in a different category within the Industry Sort Code Database.
- All Faster Payments must be in pound sterling.

How do Faster Payments impact our clients?

Most of the remote banking payments made by consumers (together with Standing Orders), have migrated away from traditional schemes such as CHAPS and Bacs to Faster Payments, as consumers become more familiar with the service. A client may choose not to use the service to send their payments, however, they cannot stop their customers from using the service to pay them.

This poses questions such as:

- What sort of change to Faster Payment credit notification do you require and how often do you need to receive it?
- What will Faster Payments mean in terms of your operating hours?

- Will these have to change or can you continue to operate as you always have done?
- With Faster Payments introducing a 24/7 mentality to your customers, will you be able to survive in this new world without changing your existing processes?

Receiving Faster Payments

HSBC UK provides customers with a number of features to assist customers with the reporting of Faster Payment receipts.

Upon receipt, we'll credit your account with the funds; we can then forward the details of the payment to you as either a Credit Advice or an Information Service (IS) file – similar to those you may currently receive from your Bacs provider for your Bacs Bureau Clearing.

Our IS files will be available on frequencies between daily and hourly, at your request (equating to a maximum of 24 in any one day) – these can be sent to HSBCnet, HSBC Connect or SWIFTNet FileAct.

If you opt for IS files, we can either post a bulk credit for the total value of the transactions contained within each IS file or post each transaction to your account individually.

If you choose to receive credit advices, each transaction will be posted to your account individually, and the credit advice can be delivered via HSBC Connect, SWIFTNet FIN or SWIFTNet FileAct.

Statement information is also viewable in real-time via Kinetic, Business Internet Banking and HSBCnet.

Initiating Faster Payments

We provide customers with a number of options to enable them to send Faster Payments. A customer wishing to submit payments will be able to do so via:

- Kinetic or our Business Internet Banking (BIB) platform – as a single payment.
- HSBCnet as either a single payment, a batch of payments – as a file of payments.
- HSBC Connect – as a file of payments.
- SWIFTNet FileAct – as a file of payments.
- SWIFTNet FIN – as a payment message.
- Direct Corporate Access (DCA) – as a file of payments.
- Treasury API – as either a single payment with instant settlement or a batch of payments with instant response.

We carry out the necessary mapping to match the ISO8583 standard, on which Faster Payments operates so you don't have to adopt new or unfamiliar file formats. We allow customers to submit payments as:

- Files via SWIFTNet FileAct, HSBC Connect or the file upload module on HSBCnet. The following formats are supported:
 - Bacs Standard 18
 - XML ISO20022
- Cloned MT103 on the single priority payment screen on HSBCnet.
- Cloned Bacs Standard 18 on the ACH screen on HSBCnet.

In the majority of cases, customers will be advised of the status of their payments, whether that is full acceptance, qualified acceptance or rejected, in near real-time.

If you're an existing HSBCnet customer and you already have the payment services enabled on your UK-based GBP accounts, the Faster Payments functionality has automatically been made available to you – a tickbox has been added to the ACH and Priority payment input screens to allow customers to send instructions as Faster Payments.

Direct Corporate Access (DCA)

Customers are able to access Faster Payments directly, as they do for Bacs. Customers are able to submit files of payments directly to the Faster Payments Central Infrastructure anytime. Customers wishing to take advantage of this service will require Bacs approved software, which will be made available by accredited Software Solution Providers.

Conclusion

We recognise the importance of ensuring our own developments for Faster Payments are fully compatible with the needs of our customers. We've also sought to ensure the solutions we offer allow you to participate with the least possible disruption to your own back office. Our aim is to support you through the implementation of Faster Payments, and provide you with the solutions that fit best with your requirements and those of your customers.

We'll be happy to answer any questions or help you to take advantage of the Faster Payments service. In the first instance, you should contact your HSBC UK Global Liquidity and Cash Management Cash Consultant.

Accessibility

If you need any of this information in a different format, please let us know. This includes large print, braille, or audio. You can speak with us using the live chat service on our website, by visiting one of our branches or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service. To find out more, please get in touch. You can also visit: **business.hsbc.uk/accessibility** or **business.hsbc.uk/contact-us**.

business.hsbc.uk

The Faster Payment Service is managed by Faster Payments Scheme Ltd, which sets Rules and Procedures for all participants to follow. The Scheme is subject to oversight by the Bank of England.

HSBC UK Bank plc. Registered in England and Wales (company number: 9928412). Registered Office: 1 Centenary Square, Birmingham, B1 1HQ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register number: 765112).

RFB1213 MCP56823 AC54241 ©HSBC Group 2021. All Rights Reserved.