RPIB consultation on the Design of the Future Retail Payments Infrastructure - GBBC Response

About Global Blockchain Business Council (GBBC)

GBBC is the largest leading non-profit association for the blockchain, digital assets, and emerging technologies community. Founded in 2017 in Davos, Switzerland, GBBC comprises more than 500 institutional members and 251 Ambassadors across 119 jurisdictions and disciplines.

GBBC furthers adoption of digital technologies by engaging regulators, business leaders, and global changemakers to harness these transformative tools for more secure and functional societies.

GBBC industry verticals: Financial Services, Global Commerce/Supply Chains, and Commodities, underpinned by AI, digital identity, governance, hardware, infrastructure, policy, regulation, and security.

GBBC initiatives: BITA Standards Council (BITA), GBBC Digital Media, Global Standards Mapping Initiative (GSMI), International Journal of Blockchain Law (IJBL), InterWork Alliance (IWA), and U.S. Blockchain Coalition (USBC).

Executive Summary

GBBC welcomes the opportunity to contribute to the Bank's work on the future of UK retail payments. We support the ambition to combine dependable payments with greater choice and interoperability between regulated forms of money. Shared infrastructure can make new payment services easier to develop and adopt, provided the terms of participation allow a broad range of firms to compete.

Our comments focus on three decisions with practical consequences for that ambition: whether optional services remain open to competing providers; how settlement choices affect the funds participants need to commit; and whether firms using settlement sponsors can rely on predictable operating arrangements. These decisions will influence the cost of bringing services to market and the scope for innovation to deliver benefits to UK consumers and businesses.

Q7: What are the baseline services that should be delivered within the core infrastructure? Please include an explanation of why.

Clearing, routing and essential transaction controls are appropriate core functions. For additional services, GBBC recommends that firms be free to choose equivalent providers wherever this is compatible with the required common controls. Optional services supplied by the core operator or a designated provider would be priced separately, with their purchase independent of access to the core.

Fraud prevention provides a useful example. Consistent payment information and participation in the exchange of relevant risk signals may be necessary to protect the system as a whole. Those common obligations can coexist with choice in the analytics used to interpret the information and inform a firm's decisions. A shared utility could make such services more accessible to smaller firms, while allowing others to use alternatives meeting the same assurance requirements.

We propose making that distinction explicit in the arrangements governing participation. Any requirement to use a particular service would have a published operational or risk-management justification. GBBC's Risk Mitigation Framework provides one example of such frameworks. Where equivalent provision is feasible, published standards would give alternative providers a route to demonstrate that their services meet the required outcome.

This matters commercially. Bundling optional services into core access can raise the cost of entry and limit the market available to specialist providers. Separating those choices would allow firms to benefit from common infrastructure while continuing to invest in better services around it. The essential shared controls would remain a condition of participation.

Q12: What are the potential trade-offs between different settlement models in terms of speed, payments certainty, liquidity management for participants, operational complexity, and scalability?

GBBC recommends making usable liquidity and the cost of participation explicit criteria for choosing the settlement model, alongside payment certainty and resilience. Where different arrangements meet the required standards of protection, we favour retaining liquidity-saving features, including netting where appropriate. Committing funds earlier or for longer warrants a corresponding improvement in the payment or risk-management outcome.

The relevant funding requirement depends on the commitments being made. A firm payment confirmation to the customer, access to funds for the recipient and final settlement between institutions need not occur at the same moment. Where there is an interval, the arrangement needs an identified party and credible resources to fund or guarantee it. This makes it possible to assess faster final settlement against the exposure it removes and the additional liquidity it requires.

Holding liquid assets is only part of that assessment. An issuer facing sustained redemptions over a weekend may have assets that cannot yet be sold, released or transferred through the channels on which it relies. Backing assets may become available as redemption obligations are discharged, but their legal availability and the timing of release cannot be assumed. The same resource also cannot meet simultaneous demands that are legally or operationally incompatible.

We recommend applying a common set of normal and stressed payment flows to participants with different funding arrangements. This would include a smaller provider with limited offsetting flows, an issuer facing concentrated redemptions and a participant dependent on a settlement sponsor. Peak funding needs, the duration of commitments and replenishment costs would reveal whether an apparent system-wide saving comes with disproportionate costs for particular participants. Differences justified by the risks those participants create can then be distinguished from costs arising from the design itself.

The Bank’s work on extending RTGS availability is directly relevant. Access to internal liquidity transfers, settlement between participants and markets for converting reserve assets into cash can follow different operating hours. The retail design needs to reflect those actual dependencies, including arrangements for periods when a funding channel is unavailable. This would help support dependable payments without requiring more funds to be tied up than the underlying risk warrants.

Q13: What additional design, governance and operational issues would need to be addressed to achieve interoperability?

We recommend including minimum operating terms for sponsored participation in the framework developed by the relevant scheme bodies. These would cover material service changes, continuity during disruption and an orderly process for moving to another sponsor. Indirect settlement can be a proportionate route into the market, but a provider needs to understand and manage its dependence on the institution through which it settles.

Those terms would require the sponsor and participant to agree, before participation begins, how they will handle pending payments, access to transaction records and reconciliation during an outage or termination of the relationship. This would give both parties a clear basis for operational planning and reduce the risk that responsibility falls between them when a service is interrupted.

For ordinary changes to or withdrawal of service, agreed notice and transition arrangements would allow the participant to prepare. Immediate restrictions may sometimes be necessary to manage financial crime, prudential or operational risks; the framework can distinguish those circumstances from routine commercial decisions. An orderly switching process would also specify the records and technical cooperation available to support migration, subject to applicable legal and security requirements.

The aim is to make sponsored access a dependable commercial option. A firm can invest more confidently when it knows how its settlement relationship operates, what happens during disruption and how it can move if its needs change. Transparent routes to direct settlement access for firms meeting the Bank's eligibility requirements would complement this approach, allowing participation arrangements to evolve as firms grow.