

# Sponsor Bank Services in the UK

## Indirect Access to UK Payment Systems

### Summary

In certain circumstances Bank of America's Global Transaction Services business (GTS) can provide indirect access to select UK interbank payment systems to other payment service providers (PSPs). The details of these services offered to PSPs, our eligibility criteria and information on how to contact Bank of America are all set out below.

### Sponsor Bank Services

Bank of America accesses various UK interbank payment systems through a combination of direct and indirect scheme participation. This in turn allows us to offer indirect access to select UK interbank payment schemes to clients. This includes providing access to other financial institutions that do not wish to become direct members of a UK interbank payment scheme themselves.

As described by the Payment Systems Regulator (PSR) in *Specific Direction 1: Access (sponsor banks) (2020)*, there are two models of indirect access to the UK payment systems that a financial institution may leverage:

#### Agency Indirect Access

This type of indirect access sees a PSP leverage their own unique sort-code for both their inbound and outbound transactions when indirectly connecting to one of the UK interbank payment schemes.

At present, Bank of America does not offer this form of indirect access in the UK to any financial institution.

#### Non-Agency Indirect Access

This access model allows a PSP to leverage a bank account held on Bank of America's sort-code and books for the purpose of making and receiving transactions. These transactions may be either on behalf of the PSP themselves or an underlying client of the PSP.

In order to transfer funds on behalf of your customers through either model you are required to hold the relevant authorisation from the FCA for payment services or any other relevant regulatory authority in the EEA if leveraging a passport. The provision of non-agency indirect access is also subject to Bank of America's commercial and risk based criteria as described in the Eligibility section of this document.

A summary of Bank of America's access model is below:

#### Indirect Access Models

Client Type	Agency Indirect Access	Non-Agency Indirect Access*
Credit Institutions (Banks)	No	Yes
Non-Bank Financial Institutions	No	Yes

\* Not all interbank payments systems are available through the non-agency indirect access model. This is expanded on below.

### Payment System Access

The primary UK interbank payment systems are:

#### Bacs

The Bacs system is used for non-urgent, bulk transfer of funds. It operates on a 3 day cycle where day 1 is the date a transaction is submitted to the clearing. As well as for traditional 'push' payments, referred to as Direct Credit, Bacs also offers Direct Debit collections. These are used to collect funds from a payment account provided scheme rules on payer authorisation are met. Bank of America are an indirect participant in the Bacs clearing and do not offer non-agency indirect access for PSP payments on behalf of their customers.

## CHAPS

The Pound Sterling (GBP) real time gross settlement (RTGS) system operated by the Bank of England. It is used for the transfer of high value and urgent transactions. Bank of America are a direct participant in the CHAPS clearing and can offer non-agency indirect access for PSP's on behalf of their customers leveraging a bank account held with Bank of America.

## Cheque & Credit Clearing (Image Clearing Service)

The Cheque & Credit Clearing (C&CC) is the GBP cheque and giro credit clearing service in the UK. Bank of America is an indirect member of the C&CC and can offer non-agency indirect access for cheque deposits. These will be credited to the PSP account held at Bank of America.

## Faster Payments

The Faster Payments clearing provides near real time transfer of funds on a 24x7 basis. Bank of America are an indirect participant in the Faster Payments clearing and do not offer non-agency indirect access for PSP payments on behalf of their customers.

## Overview of Access

A summary, including the services within these clearings that we provide non-agency indirect access, are summarised as:

Payment System	Transaction Type	Non-Agency Indirect Access*
Bacs	Direct Credit	No
	Direct Debit	No
CHAPS	—	Yes
Cheque and Credit Clearing	Cheque Deposit	Yes
	Cheque Payment	No
	Giro Credit	No
Faster Payments	—	No

\* The above table does not account for services provided to PSPs where they are transferring funds on behalf on themselves. Common examples of these transactions are salary, bill payments or receiving payments from customers for services rendered. Bank of America can provide access to all the above payment systems for transactions where a PSP is processing payments on behalf of themselves, for example paying utility bills or suppliers, pursuant to both our own eligibility criteria, scheme rules and our direct participant bank criteria where relevant.

## Connectivity Options for Indirect PSPs Transferring Customer Funds

### CashPro®

CashPro® is Bank of America's comprehensive platform combining payments, receipts, reporting, liquidity and administrative functions. Learn how it can provide solutions for your inbound and outbound transactions and their reporting [here](#).

### UK Cheque Deposits

GBP cheque deposits need to be physically sent to our UK processing location. More information on bundling and other requirements will be shared during implementation of any solution.

## Fees and Charges

Pricing for indirect access to UK interbank payment systems is considered within the context of the holistic relationship you may have with Bank of America, including across our other lines of business.

The high-level types of fee a PSP can expect to pay are:

- An implementation fee, dependant on the complexity of our requirements.
- A unit fee for payments sent and received based on volume and interbank payment system.
- Regular fees for account and other services supporting your indirect access solution. Key components are monthly bank account and CashPro® (digital channel) fees.

## Next Steps

If you wish to learn more about the indirect access to UK payment systems that we can provide to PSPs then you can contact either your existing Bank of America representative or Rob Allighan at [robert.a.allighan@bofa.com](mailto:robert.a.allighan@bofa.com). Alternatively you can write to Rob Allighan at: Bank of America, 2 King Edward Street, London, EC1A 1HQ.

From this point we can connect you with the appropriate teammates at Bank of America who will be able to discuss your requirements further, inform you of an indicative timeline and highlight any issues with your application.

## Eligibility

The below eligibility criteria set out below will be applied by Bank of America in relation to any application for indirect access to a UK interbank payment system:

- It must be from an approved payment service provider regulated by the FCA or other relevant EEA regulatory authority (when leveraging a passport).
- It must provide detailed information required to satisfy Bank of America's know your customer (KYC) requirements. This will include detailed information on your customers and their transactions as part of Bank of America's Anti-Money Laundering (AML) checks.
- Technical connectivity with Bank of America must meet our Global Information Security (GIS) standards.
- It will require agreement to our account terms and conditions which set out the terms and conditions applicable to the provision of your deposit account (and related account services) with Bank of America.
- It must provide detailed forecasts of your transaction volume and value requirements per interbank payment scheme.
- Your solution and business requirements must align with our strategy of Responsible Growth.

