

Telecoms Resilience in the UK Payments Industry

Presented by

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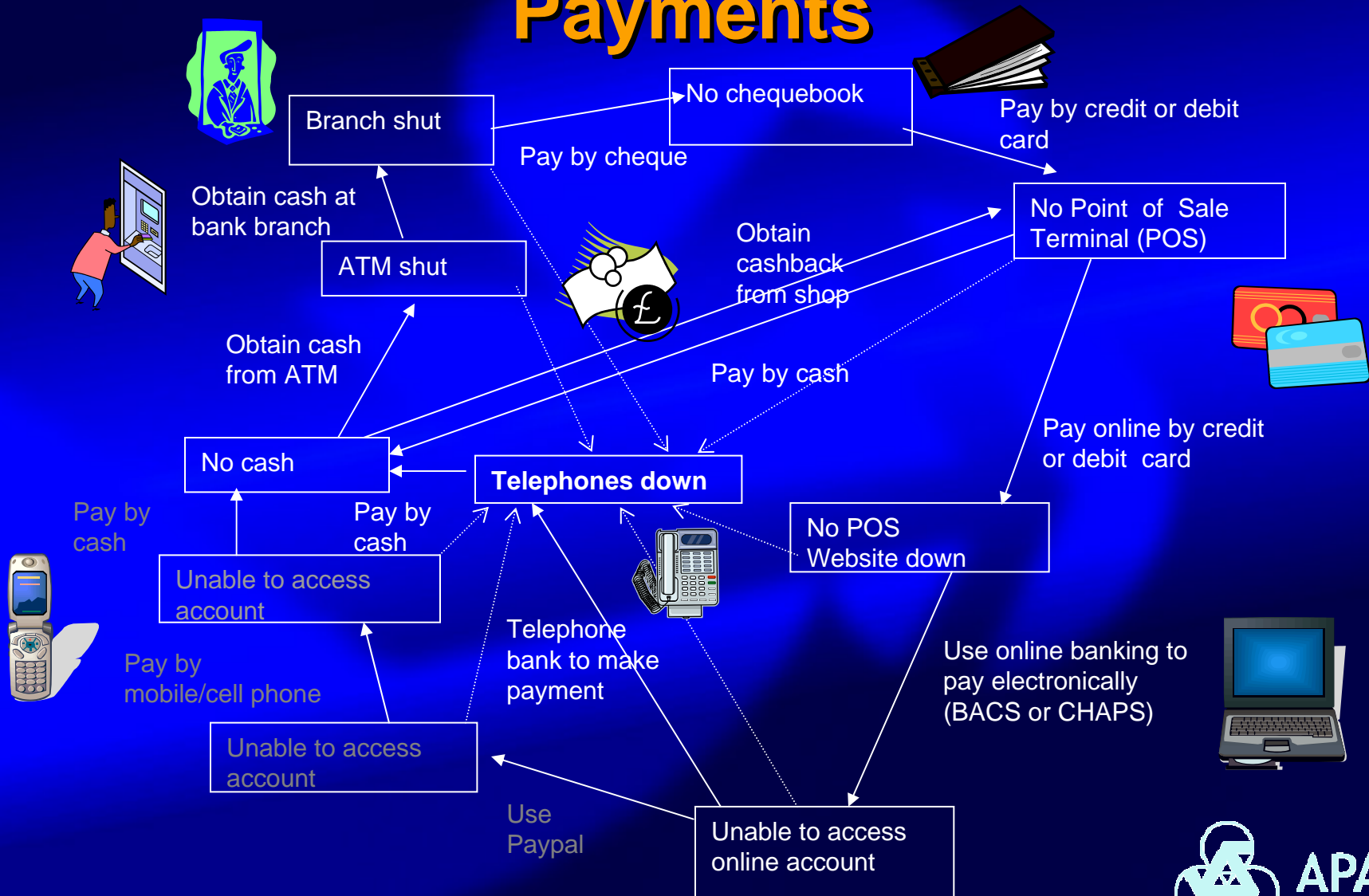
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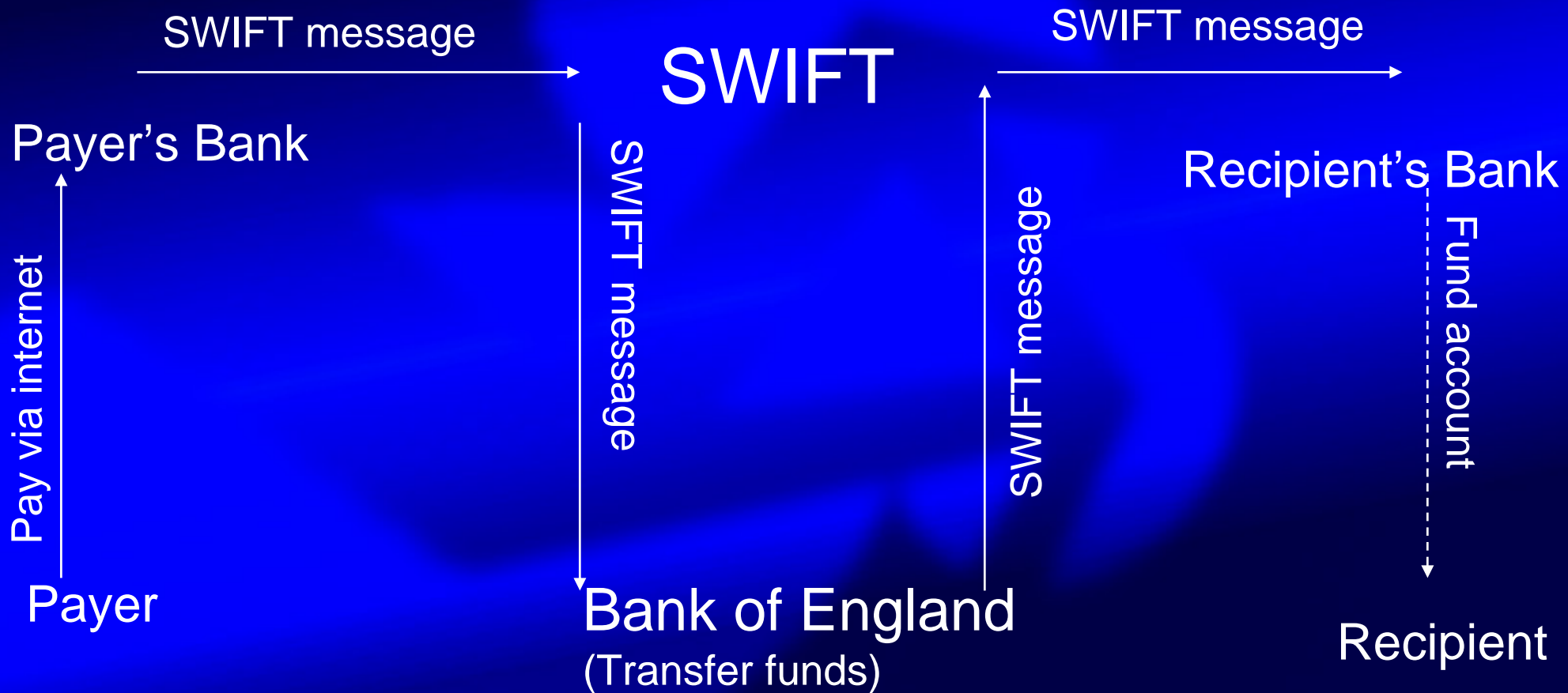
UK Payments – Dependencies on Telecommunications

- Electronic payments - (eg BACS) rely on telecoms to transfer funds
- Internet banking – enables customers to make electronic payments from their accounts by internet
- Credit and debit cards – transfer information between merchants and banks using point of sale terminals or the internet
- Bank branches and call centres - access customer accounts remotely. Remote security systems use telecoms.
- Cheques – payment details (and cheque images) exchanged between banks via telecoms.
- Cash – ATMs transfer details of cash withdrawals to banks via telecoms network.

Impacts of Manchester Fire 2004 on Payments



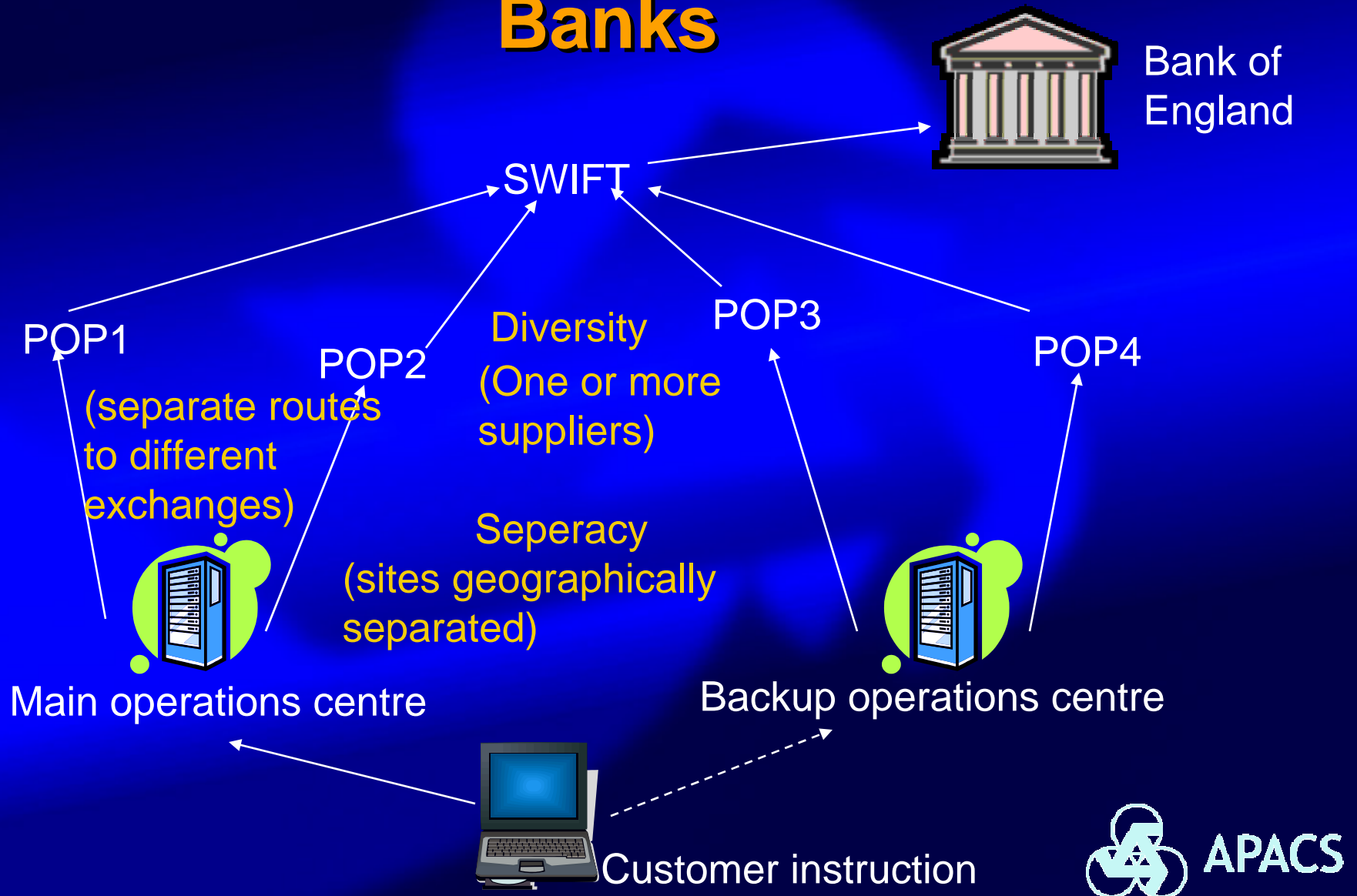
Example - CHAPS Sterling Same Day High Value Payment System



Typical Day – 150,000 payments worth £220 billion
= 750,000 telephone messages worth £25,000



Telecoms Resilience for CHAPS Member Banks



The Bigger Picture – Geographical Concentration and 7/7/05

Whilst Banks have operational sites located across the length and breadth of the UK there tend to be pockets of concentration e.g. in Central London.

This fictitious representation illustrates the potential for network stress

Multiple banks use same telecoms supplier - routed to same POP

How many payments and £ flow through each POP?



Area of potential impact from ground level bomb at Aldgate

How many payments and £ are processed by vulnerable operational sites?



Reducing Telecoms Resilience Risk in UK Payments

- Promoting good practices on seperacy and diversity in telecommunications provision increases resilience
 - ◆ customers need authority to require suppliers to mitigate risk
 - ◆ it does not guarantee resilience if the central infrastructure fails
- In complex operations look across the end to end process for single points of failure
 - ◆ geographical concentration of operational sites
 - ◆ the impact of multiple outsourcing contracts to a limited set of telecoms suppliers