

*External Supplier Control  
Obligations*

Payments Process

Control Title	Control Description	Why this is important
1. Adherence to local legislative and statutory requirements	The Supplier must ensure that legal and regulatory requirements which apply to the payments which the Supplier processes are appropriately documented and complied with.	To ensure that payments are processed in accordance with both legal and regulatory requirements in scope. Failure to comply with legal and regulatory requirements could result in fines and reputational issues.
2. Integrity of payment instruction	The Supplier must ensure that the integrity and accuracy of payment data is maintained from initiation to settlement of the payment. This includes ensuring that the payment information: <ul style="list-style-type: none"> <li>• Cannot be modified without detection and remains original throughout its life-cycle;</li> <li>• Is processed and settled in line with the original request, applicable regulations and scheme requirements; and</li> <li>• Is not duplicated (i.e. Duplicated payments are identified and prevented / corrected).</li> </ul>	If this requirement is not implemented, Barclays may not be able to gain confidence that the Supplier has the adequate controls to ensure that the integrity of the payments instructions is maintained throughout the payment cycle. This may result in potential fraudulent payments, financial crime controls not operating effectively, payments being processed inaccurately and associated reputational damage and/or regulatory fine/censure.
3. Authentication of sender	The Supplier must ensure there is appropriate validation that the payment request is genuine.  The Supplier should confirm that the payment request is from a legitimate source (e.g. 'ID&V' checks) in accordance with any legal requirements; and confirm the validity of the payment instructions' integrity (i.e. confirm that the payment instruction has not been altered)	This requirement confirms the legitimacy of the payments instructions by ensuring that the payment instruction is genuine. This control decreases the risk of loss associated with fraudulent payments, associated reputational damage and/or regulator fine/censure.
4. Authority of the sender	The Supplier must ensure that each payment request has been approved and authorised by the pre-defined and pre-approved individuals.	This requirement confirms the genuineness of the payments instructions by ensuring that the signatories on the payment instructions are mandated to do so. This control mitigates the risk of loss associated with mistaken or fraudulent payments, associated reputational damage and/or regulator fine/censure

<p>5. Authorisation throughout payment life cycle</p>	<p>The Supplier must ensure that, through the payment life-cycle, that the person approving the payment is doing so within the set Limits of Authority (pre-defined and pre-approved Limits of Authority).</p> <p>The Limits of Authority should be reviewed on at least an annual basis or as and when required</p>	<p>This requirement confirms the validity of the payments instructions by ensuring that the different level of authority provided throughout the payment process is aligned with the business established and approved delegation of authority. This control mitigates the risk of loss associated with fraudulent/inaccurate payments, associated reputational damage and/or regulator fine/censure</p>
<p>6. Independent levels throughout payment life cycle</p>	<p>The Supplier must ensure that the person approving the payment is independent and has no access to create or amend the instruction.</p>	<p>This control ensures that any potential inaccuracy or any potential issues are proactively identified by an independent individual .This control decreases the risk of loss associated with fraudulent/inaccurate payments, associated reputational damage and/or regulator fine/censure</p>
<p>7. Delays in payment processing</p>	<p>The Supplier must ensure that each payment is processed and settled on a timely manner in accordance with any agreed or legally required maximum execution time to ensure that the Service Level Agreements (SLAs) are met (customer and payment scheme requirements)</p>	<p>This requirement ensures that all payments being processed by the Supplier are processed in accordance with the applicable payments/card schemes cut off as well as in according to the customer requirements. This in turn reduces the risk of having payments processed with delays. Delayed processing of payment instructions may result in increased customer dissatisfaction and complaints, leading to potential customer attrition and reputational damage.</p>
<p>8. Eligible method of communication and transmission methods to transfer payments instructions</p>	<p>The Supplier must ensure that communication and transmission methods to transfer payments instructions are documented and only acceptable methods are used with the appropriate levels of controls.</p> <p>Prohibited methods are removable media (Floppy disk, CD, DVD), external memory devices (USB Sticks, USB Hard Disk Drive, etc.).</p> <p>Acceptable methods fall into two categories:</p> <ol style="list-style-type: none"> <li>1. Restricted methods are in person, fax, email, telephone / verbal, paper, spreadsheet etc. Restricted methods are only used when the Payment Process Supplier Control Obligations are in place, and appropriately applied in order to mitigate the risk associated with the method.</li> <li>2. Preferred methods are online and automated systems where no person can create or alter the payment.</li> </ol>	<p>Barclays has defined prohibited, restricted, and approved methods of transmitting payments instructions to mitigate the multiple risks such as information risk (Data Privacy), fraud risk (manipulation of data), cyber risk (cyber threats) etc.</p> <p>Formats such as removable media (USB, CD etc.) are prohibited and formats such as email are restricted. Emails are accepted only when appropriate controls are in place.</p>

9. Roles and Responsibilities	The Supplier must define and communicate roles and responsibilities for Payments Process Risk. These must be reviewed after any material change to the Supplier operating model or business.	This requirement ensures that the roles and responsibilities of both ends are established, documented and approved. This will assist in case of dispute .
10. Payment / Card Scheme Risk	The Supplier must ensure that all payments processed on behalf of Barclays are processed in compliance with the Payment/Card Scheme requirements.	<p>If this requirement is not implemented, Barclays may not be able to gain confidence that the Supplier has adequate documented procedures to respond to risk associated with non-compliance with the payment/card scheme requirements.</p> <p>Any payments processed inaccurately, with delays, with authentication failures or with authorisation failures and also leading to non-compliance with the applicable payment regulations must be reported against the associated Level 3 risks. Additionally, any non-compliance to payments regulations must follow the relevant governance process for reporting regulatory breaches under Conduct Risk.</p>
11. Scheme Risk Assessment	<p><b>This control requirement is only relevant to Supplier's who are direct or indirect members of Payment or Card Schemes.</b></p> <p>The Supplier must perform a comprehensive scheme risk assessment at least on an annual basis, for each payment/card scheme for which it holds direct and indirect membership. The risk assessment needs to be signed off by the scheme owner and senior management.</p> <p>Additional Scheme Risk Assessments must be completed in the event of significant changes to processes or regulations or prior to taking a new membership or sponsorship in a Payment/Card Scheme.</p>	<p>Payment / Card Scheme Risk refers to the risk associated with not effectively managing Scheme memberships.</p> <p>Definition of Payment/Card Scheme:</p> <p>A system/external administrator of a Payment network that sets out the rules which govern the Payment clearing and settlement process (e.g. BACS, CHAPS, Faster Payments, Cheque and Credit Clearing Company). Payment / Card Schemes (e.g. Visa &amp; MasterCard) control a transfer or settlement of money but do not facilitate the settlement of the underlying contract.</p> <p>This control requirement aims at ensuring that the risks associated with the payment/card scheme have been managed accordingly. Failure to identify risks related to membership may result in potential fraudulent payments, payments being processed inaccurately and associated reputational damage and/or regulatory fine/censure</p>

12. Scheme Owner	<p>The Supplier must ensure that a payment/card scheme owner is designated to maintain the overall relationship and ensuring ongoing risk monitoring of scheme arrangement.</p> <p>Additionally the Supplier must ensure that the scheme owner monitors and reports the scheme risk as per governance channels</p>	This requirement ensures that the relevant payment/card scheme has a designated owner to better manage the relationship and to ensure timely reporting.
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Acronyms	Definitions	
Payments Process Risk	<p>Payments Process Risk refers to the risk of failure in the operation of payments processes:</p> <ul style="list-style-type: none"> <li>• Payments are processed inaccurately</li> <li>• Payments are processed without appropriate authorisation</li> <li>• Payments are processed without appropriate authentication</li> <li>• Payments are processed with delays</li> </ul> <p>In addition, the risk related to failure to manage payment/card scheme membership</p>	
Manual	Anything that involves human intervention anywhere within the end-to-end transaction/ payments process lifecycle.	
Manual Payment	A manual payment is the inward, outward or internal transfer of funds from one party to another that is settled via an external scheme or correspondent banking relationship whereby any part of the payment process from initiation through to settlement, including any repair or amendment, is manual.	
Eligible method of communication and transmission methods to transfer payments instructions	<p>Prohibited methods are: External Drives/USB/ Floppy Disks/ CDs/Diskette</p> <p>Restricted methods: Branch/In person/ Fax/Email*</p> <p>Eligible methods are: Online banking, Mobile banking, Other defined and agreed methods within the approved appetite</p> <p>* Note on Restricted methods: these channels can be used as long as appropriate controls are in place as per this document.</p>	
Payment life cycle	Commences at the initiation and capture of the payment in the payments channel and ends when the payment is settled with counterparty via external settlement system.	
Sender	An individual that submits payment request(s).	
Payment / Card Scheme Risk	Payment / Card Scheme Risk collaboratively refers to the three main risk categories associated with membership to a payment / card scheme, scheme's structure and operations:	

- Business risk: The risk that the payment / card scheme / system or any of its components - for example, an infrastructure provider serving it - cannot be maintained as a going concern in the face of adverse financial shocks.
- Settlement risk: The risk that another participant in a scheme cannot or does not meet its financial obligations when, under the rules of the scheme, they fall due; or that another institution that facilitates the settlement of those obligations - such as the settlement agent - becomes insolvent.
- Operational risk: The risk that a system operator or core provider to the scheme is operationally unable to process or settle payments as intended from inadequate or failed internal processes, people and systems.