



connecting the future

Proposal to extend RT2 and CHAPS settlement hours
(phase 1)

Bank of England
July 2025

Response from
The Payments Association
October 2025

Introduction

The Payments Association welcomes the opportunity to contribute to the BoE “*Proposal to extend RT2 and CHAPS settlement hours (phase1)*”.

The community’s response contained in this paper reflects views expressed by our members and industry experts recommended by them who have been interviewed and who are referenced below. As The Payment Association’s membership includes a wide range of companies from across the payments value chain, and diverse viewpoints across all job roles, this response cannot and does not claim to fully represent the views of all members.

We are grateful to the contributors to this response, which has been drafted by Riccardo Tordera-Ricchi, our Director of Policy & Government Relations. We would also like to express our thanks to the BoE for their continuing openness in these discussions. We hope it advances our collective efforts to ensure that the UK’s payments industry continues to be progressive, world-leading, and secure, and effective at serving the needs of everyone who pays and gets paid.

Ben Agnew
CEO
The Payments Association

Our members views:

Our members broadly support the proposal to introduce an early morning CHAPS settlement window, commencing at 1:30am, with implementation planned for the second half of 2027.

The extension is expected to deliver benefits for cross-border transactions by enhancing receiver credit positions and improving overall cash flow. However, successful adoption will depend heavily on the system readiness and operational availability of direct participants during these new hours.

As participation in the early window will be voluntary, there remains uncertainty regarding adoption levels and transaction volumes during this extended period. Consideration of the impact to indirect participants and their sponsoring direct participants will need to be given. Nevertheless, alignment with global payment windows is seen as strategically important, offering potential competitive advantages and tangible benefits for end users through earlier funds availability.

The proposed timeline to mid-2027 is considered realistic as long as the decision is made quickly. Technical changes to support the extension are viewed as relatively straightforward, though additional staffing requirements to manage exceptions during the early window will drive higher operational costs.

Service Level Agreements (SLAs) will require review and recalibration to reflect the revised operating hours, and maintenance windows will need to be more tightly managed.

We note that operational complexity will increase as extended settlement hours begin to overlap with Asian market time zones. This underscores the importance of coordinating with global settlement frameworks to ensure interoperability and avoid timing conflicts in future extensions.

Later Contingency Window and Operational Impacts

A later contingency window is regarded as a useful enhancement, providing institutions with added flexibility if needed on an exceptional basis to recover from incidents. However, it will require careful liquidity and calendar management across participants. Such contingency extensions primarily benefit institutions that need additional time to submit payments, though this in turn requires others to maintain liquidity for longer periods and adjust operational rosters accordingly.

In terms of the technical implementation of extended hours, it may be manageable for some firms but will require greater effort from others and a stepped approach would be advisable, the associated staffing and monitoring requirements will elevate operational costs. The cost-benefit balance will depend on the level of transaction activity observed during the new settlement windows.

We observe that enhancements to monitoring and exception-handling protocols will also be necessary to maintain operational resilience.

Bank Holiday Weekend Settlement

Extending CHAPS settlement to cover bank holiday weekends is viewed positively. It would provide liquidity and client service benefits by smoothing payment volumes and improving alignment with international settlement calendars.

Making funds available on these additional days would help businesses and consumers manage liquidity more effectively, reducing the concentration of payment activity immediately before and after long weekends.

Same-day crediting for payments settled on these additional operating days is considered important to ensure that the benefits of extended settlement hours are fully realised.

However, feasibility will depend on the broader scope of settlement hour extensions and the operational capacity of participating institutions.

Risks and Key Considerations

We believe the primary challenges associated with these proposals lies in increased operational costs, particularly staffing, as well as technical implementation for some firms.

Our members recognise the potential benefits but emphasises the need to ensure that additional costs are justified by sufficient transaction volumes. System availability and consistent participation across direct members will be critical to the success of the extension.

Finally, careful planning will be essential to manage cross-border and time zone interactions, ensuring CHAPS remains globally interoperable as settlement hours evolve.

About The Payments Association

The Payments Association is for payments institutions, big & small. We help our members navigate a complex regulatory environment and facilitate profitable business partnerships.

Our purpose is to empower the most influential community in payments, where the connections, collaboration and learning shape an industry that works for all.

We operate as an independent representative for the industry and its interests, and drive collaboration within the payments sector in order to bring about meaningful change and innovation. We work closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, the Payment Systems Regulator, Pay.UK, UK Finance and Innovate Finance.

Through our comprehensive programme of activities for members and with guidance from an independent Advisory Board of leading payments CEOs, we facilitate the connections and build the bridges that join the ecosystem together and make it stronger.

These activities include a programme of monthly digital and face-to-face events including our annual conference PAY360 and PAY360 Awards dinner, CEO round tables and training activities.

We run seven stakeholder working Project groups: Inclusion, Regulator, Financial Crime, Cross-Border, Digital Currencies, ESG and Open Banking. The volunteers within these groups represent the collective view of The Payments Association members at industry-critical moments and work together to drive innovation in these areas.

We also conduct exclusive industry research which is made available to our members through our Insights knowledge base. These include monthly whitepapers, insightful

interviews and tips from the industry's most successful CEOs. We also undertake policy development and government relations activities aiming at informing and influencing important stakeholders to enable a prosperous, impactful and secure payments ecosystem.

See www.thepaymentsassociation.org for more information.

Contact malik.smith@thepaymentsassociation.org for assistance.