

## Draft Minutes

Meeting: Payments Strategy Forum

Date / Time: 25<sup>th</sup> February 2016

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### Ai. 0 Preliminaries

- The Chair:
  - introduced the new PSR Head of Policy, Paul Smith, as an observer to the Forum
  - gave apologies from Michael Maier and Mark Lyonette
  - announced that Ruth Milligan had stepped down as she had left her role at the BRC and would be replaced by Tom Ironside, BRC
- The Chair thanked the Forum for their dedication and support, in particular the Working Group Chairs for their work in producing the papers and noted that she was confident the Forum would be able to achieve its objectives.
- The Chair explained that she was meeting Working Group Chairs regularly as a group to coordinate their work and avoid working in siloes. She was also confident that the Working Groups now had sufficient resource to work effectively and thanked the generosity of those Forum members who had provided staff or consultancy support.
- The Chair asked the Forum to state any pertinent conflict of interests. Carlos Sanchez as Chair of the Horizon Scanning Working Group raised a conflict and advised he would be stepping down as Chair but would like to remain both on the Forum and the Group itself. The Forum agreed and appointed Otto Benz as his replacement and thanked Carlos for his efforts to date.
- Following discussion it was agreed that keeping a conflict of interests register was unnecessary. It was agreed that Forum members should raise exceptional conflicts with the Chair.

### Ai. 1 Minutes and actions

- Members noted and agreed the Minutes of the December 15<sup>th</sup> Forum meeting
- The Secretariat advised that all actions were either complete on or on the agenda.

### Ai. 2 Payment System Operators Consultative Group (PSOG)

- The Chair advised that the PSOG were broadly supportive of the Forum's work to date and the processes being followed. She committed to raise specific points under each relevant agenda item.

### Ai. 3 Forum Engagement

- The Chair advised that the PSOG were supportive of the Secretariat's approach to the Payments Community and agreed with the further actions outlined in the paper, especially the need for Working Group Chairs to coordinate and give the Working Group members the opportunity to review the papers and minutes ahead of publication on the website.

- The Secretariat provided an overview of the recent roundtables, noting that while feedback was generally positive, there were some common concerns raised and proposed actions that the Forum needed to consider. The Forum noted and agreed the actions suggested by the Secretariat with one caveat; it was agreed impractical for Working Group Chairs to satisfy all views when developing their Groups' thinking, although they would endeavor to take on the widest possible range of stakeholder views where consensus could not be achieved.
- The Forum focused on the perception of conflicts of interest within the Forum and its Working Groups. The Forum acknowledged the potential conflicts of interest but agreed these are mitigated in a number of ways including, having a mix representatives on the Forum, Forum members acting as individuals, Working Groups formed from a wide variety of people from the Payments Community, the Forum to assess solutions and an independent evaluation. The following actions were agreed to help address the perception issue:

**ACTION: The Forum Secretariat to reiterate to the Payments Community the various measures in place**

**ACTION: Forum Secretariat to add wording to the Forum website which would remind stakeholders and the Payments Community that this was an industry Forum, with individuals representing the issues of a range of constituencies within the sector** [Post meeting note this has been included here: <https://www.paymentsforum.uk/members>]

**ACTION: Following comments reiterating their commitment to the process, the Chair asked Members to supply quotes encapsulating their individual reasons for supporting the Forum to be added to the website and final strategy document.**

#### **Ai. 4 Regulatory Update**

- The PSR provided an update on their Infrastructure Market Review and how the proposed remedies align with the work of the Forum.
- The FCA provided an update on PSD2 implementation and the European developments in the Payments area.
- The Bank of England provided an update on their strategic review of RTGS and encouraged Members of the Forum to contribute to this work

#### **Ai. 6 Forum Working Groups**

- The Chair introduced the papers and asked the Forum to concentrate their discussions on the tables so that the Forum can begin to prioritise preliminary solutions for the April meeting.
- The Chair also advised that monthly meetings have been set-up with the Working Group Chairs and their Deputies to ensure their work is joined up
- In summary, the Forum agreed that the majority of the work in defining / refining / grouping detriments and thinking about potential solutions was now complete. Focus should now move to the detailed assessment phase.

**ACTION: Working Group Chairs to progress into the detailed assessment phase and present findings to the April Forum**

**ACTION: Secretariat to provide a summary of next steps and supporting templates for each Working Group**

### **End User Needs**

- The Chair raised the concerns of the PSOG that corporate detriments had not been identified by the User Needs Group and that the tables were a more accurate reflection of the Groups' discussions than the Executive Summary, which was too focussed on areas being addressed in other Groups such as implementation, standards and scheme governance.
- Sian Williams (Working Group Chair) pointed out that effort was made to incorporate all 20 comments made to the papers by the group and that the PSOG members had perhaps not seen the latest version.
- Following an update on the Groups progress to date, the following observations were made by the Forum:
  - The focus of End User Needs should be on developing and evaluating potential collaborative solutions to address the customer control and assurance detriments.
  - Further work was required to define / refine / group the corporate detriments.
  - Issues raised relate to standards and rules; delivery bodies and scheme governance are being assessed by the Simplifying Access to Markets Group.
  - Issues around 'financial capability' should be addressed by developing "simple to use"/"user needs-led" principles to address these detriments. Work should continue to align with the UK Financial Capability Strategy.
  - Members of the Forum who represent end users encouraged the Forum should not presume that end users require only further education but instead design improved / new solutions to meet needs

### **Simplified Access to Markets**

- The Chair raised the PSOG concerns that the work of the Simplifying Access to Markets Group ran the risk of being predetermined by the work and influence of Payments UK
- Marion King (Working Group Chair) reiterated that the Group is taking into account the broad trends in the market and is trying to ensure that everyone is consulted on issues which are sensitive to particular areas of the industry. It was noted that the PSO's are represented on the Working Group and aware of the inputs being considered.
- The following points were raised by the Forum:
  - The Forum supported Marion King in her efforts to reach consensus around sensitive issues such as Scheme consolidation and pointed to other instances where such complex change had been achieved
  - The Forum felt that the issues / solutions being progressed by this Group will have the likelihood of creating significant change and benefit for all service users

### **Financial Crime, Data and Security**

- The Chair raised comments from the PSOG that the PSOs were not yet attending this group but were considering future attendance.
- Russell Saunders (Working Group Chair) updated the Forum on progress made so far, in particular that the group benefits from broad membership encompassing a range of disciplines and noted the shared anxieties on KYC but that there is a desire to remove friction from the KYC risk assessment, in order to make switching easier.
- The following points were raised by the Forum:
  - The Forum discussed if it was technology or regulation which was slowing progress in this area
  - In addition to the interaction already taking place with other Working Groups, it was important to be mindful of other initiatives taking place in other parts of government and industry
  - End user representatives highlighted the need to ensure any new measures to enhance KYC processes did not cause exclusion or end user detriment.

### **Horizon Scanning**

- The Chair raised the PSOG comments that the benefit of this group is in identifying any regulatory, geographical or technology developments that related to the other groups' work. She added that although there was some scepticism about the group focusing too closely on distributed ledger technology, the PSOG acknowledged it was important the Forum consider emerging technologies and be mindful that any of the strategic initiatives emerging from the other groups do not act as blockers to these technologies.
- Carlos Sanchez (Working Group Chair) updated the Forum on the progress to date advising that the Groups work had been split into three areas – regulatory; geographical and technology developments. The Group has assessed all the know detriments and then identified which developments would impact on these
- It was noted the Groups emerging view that when agreeing its strategy the Forum, whilst mindful of the need for short / medium initiatives, consideration has to be given on how these relate to the longer term thinking in the Horizon Scanning Group.

### **Account Number Portability**

- The Chair advised that the PSOG agreed that this work was important and supported the proposed scope of the analysis.
- The Forum agreed the scope of work and the need to conduct the analysis outlined

### **Ai. 7 Any other business**

- The Chair provided an update on the procurement of Independent Evaluation of the Forum's work. Supplier responses were due by the 04<sup>th</sup> March, followed by presentations on the 18<sup>th</sup> March. It was also noted that the PSOG were supportive of the need for independent evaluation.

**ACTION: Secretariat to provide an update to the Forum post the 18<sup>th</sup> March presentations**

**ANNEX 1 – Attendance List**  
**Third Meeting of the Payment Systems Forum**  
24 February 2016

**Apologies:**

Mark Lyonette – Chief Executive, Cornerstone Mutual Services

**Attending**

*Members*

Ruth Evans (Chair)

Adam Marshall – Executive Director, Policy and External Affairs, British Chambers of Commerce

Alan Smith – Head of Payments and Banking Services, Post Office

Becky Clements – Head of Payment Operations, Metro Bank

Carl Pheasey – Head of Policy, Money Advice Service

Carlos Sanchez – CEO, Orwell Group

Faith Reynolds – Member, Financial Services Consumer Panel

John Hackett – Chief Operating Officer, HSBC

Katherine Horrell – Group Treasurer, Centrica

Lisa Felton – Head of Consumer Policy, Vodafone

Marion King – Group Director of Payments, RBS

Michael Maier – Chief Operating Officer, Fidor Bank

Mike Smith – Commercial Director, Raphaels Bank

Neil Lover – Head of Payments and Financial Crime, Coventry Building Society

Nick Davies – Richer Data Strategy Lead, DWP

Otto Benz – Director, Strategic Payments, Virgin Money

Philip McHugh – Chief Executive, Barclaycard Business Solutions

Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group

Ruth Wandhofer – Global Head for Regulatory and Market Strategy, Citi Bank

Sian Williams – Head of Financial Inclusion, Toynbee Hall

Thaer Sabri – Chief Executive, Electronic Money Association

*Observers*

Andrew Hauser, Bank of England

Nilixia Devlukia, Financial Conduct Authority

Paul Smith, Payment Systems Regulator

Dora Guzeleva, Payment Systems Regulator

*Secretariat*

David McPhee

Michaela Costello