

The Payment Systems Regulator Ltd

Minutes

Meeting: PSR Board
Time & date of Meeting: 13 July 2022 at 10.30
Venue: Hybrid meeting Room 2.38

Present: Aidene Walsh (Chair) Chris Hemsley
David Geale Faith Reynolds
Tommaso Valletti Simon Ricketts

In attendance: Set out in Annex A

1 Apologies, quorum and declarations of interest

- 1.1 The meeting was noted to be quorate and proceeded to business.
- 1.2 No interests in the items to be discussed were declared.

2 Minutes and actions log:

- 2.1 The Board approved the minutes of the meeting held on 23 June 2022.

Decision:	The Board approved the minutes of the meeting held on 23 June 2022.
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3 Items for noting:

- 3.1 The Board noted the minutes of the ExCo meetings held on 10 May and 24 May 2022.
- 3.2 The Board discussed the draft agenda for the meeting on 21 September 2022, to include items on the following:
 - a) an A2A progress update, including an update on scheme fees and any future concerns that would require consideration to ensure they are successful
 - b) an update on stakeholder engagement, including with consumers
 - c) an update re: the external environment, to be included in future MD's report. The equivalent slides contained within the FCA's CEO's report were cited to be in useful format and could potentially be adapted for use by the PSR.

4 Committee reports

- 4.1 The Board noted the AuditCo Chair's report of the meeting held on 13 June 2022 and the ongoing arrangements to approve the 2021/22 annual report and accounts.

5 Decisions of the Board

Decision:	The Board approved the request to extend the term of Philip Marsden as an Enforcement Decisions Committee (EDC) and Competition Decisions Committee (CDC) member, by one year.
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6 Managing Director's report

- 6.1 Mr Hemsley briefed the Board on a number of topical issues. Discussion included reference to the following:
- a) the uncertainty surrounding the recent ministerial changes and the risks to our legislative asks currently in train.
 - b) the learnings arising from the Digital Payments Initiative and how consumer engagement can be optimised going forward
 - c) scenario planning in relation to Operation London Bridge and the potential impact to payment systems and their ability to operate.

7 Strategy Analysis & Monitoring (SAM) Forward Plan

- 7.1 The Board was briefed on the forward plan for the Strategy Analysis & Monitoring (SAM) division, to identify and develop priority initiatives and improve the effectiveness of the PSR. The use of sprints sought to deliver rapid, incremental improvements and was intended to be an iterative process, where the learnings from one sprint would be applied to the delivery of the next. The Board acknowledged that firms are developing at pace, and therefore the importance of the PSR matching that pace and operating in an innovative and agile way.
- 7.2 The Board welcomed the progress in developing the forward plan, following the discussions at the Board's strategy day.

8 FCA Payments Update

- 8.1 Mr Geale briefed the Board on the business of the FCA that was of relevance to the PSR. Discussion included reference to the following:
- a) activity undertaken in response to the cost-of-living crisis, including the recent and related "Dear CEO letter" and supervisory priorities relevant to banks and payment firms.
 - b) activity undertaken in relation to access to cash, including ongoing engagement with HMT and Link and the FCA's current consultation on branch and ATM closures or conversions: updated guidance for firms and the potential for collaboration with PSR colleagues.
 - c) activity undertaken in relation to APP scams, starting with a desk-based review of a sample of banks, with potential for collaboration with the PSR, focussing on fraud controls and complaints handling procedures.
 - d) the planned publication of the latest Consumer Duty paper.

9 Chief Risk Officer's (CRO) Report

- 9.1 The Chief Risk Officer (CRO) presented their biannual report to the Board setting out their assessment of the key risks facing the PSR and the organisation's ability to manage and mitigate such risks.

- 9.2 Resourcing remained the main risk, including the PSR's ability to attract, recruit and retain skilled staff with the right capabilities to deliver its work programme. The Board noted that whilst the inherent risk had increased, the residual risk remained static.
- 9.3 The Board discussed the importance of financial inclusion for all users, particularly during the current cost-of-living crisis, and the potential impact on the PSR's strategy, noting that the FCA is also reviewing this. The Board also reflected on the importance of having a clear articulation of the risks relating to environmental issues, as relevant to the PSR e.g., the impact of crypto. The Board asked that this be added to the list of topics captured within the SAM portfolio.

10 Policy Proposals for mandatory reimbursement of Authorised Push Payment (APP) scams

- 10.1 The Board was briefed on policy proposals, for consultation, for the mandatory reimbursement of authorised push payment (APP) scams. The proposals set out a package of relatively simple requirements aimed at increasing current reimbursement levels but also allowing for progression over time towards a comprehensive, fine-tuned set of scheme rules.
- 10.2 It was noted that the initial reaction to the package from firms had been generally positive with the exception of some smaller institutions. The team is also actively engaging with the Lending Standards Board and the Financial Ombudsman Service on their respective roles in delivery of the package.
- 10.3 The Board discussed the potential risks and unintended consequences associated with the package and received assurance that these would be further explored during the consultation. The Board emphasised the importance of engaging with consumer groups during the consultation and effective consumer messaging during the implementation of any resulting interventions. The Board also emphasised the need to future proof the approach in terms of the implementation of the New Payments Architecture.
- 10.4 The Board discussed the benefits of collaborating with the FCA to incentivise firms to proactively intervene on payments and prevent APP scams. The Board agreed that this would provide clarity to firms where additional guidance is required.

11 New Payment Architecture - Update

- 11.1 The Board welcomed Mark Hoban (Chair) and David Pitt (CEO) of Pay.UK who provided an update on key projects, interaction with industry and the refocusing on delivery within Pay.UK, particularly with regards to the NPA. The Board acknowledged the difficult challenges that Pay.UK had overcome and welcomed the refocus and potential of the NPA.
- 11.2 The Board thanked Pay.UK for the progress update and the work achieved under their leadership.

12 AOB

- 12.1 With no further business to discuss, the Chair closed the meeting.

Aidene Walsh

Chair

Annex A: Attendees***Attending all, or substantially all, of the meeting:**

Carole Begent	General Counsel & Head of Regulatory & Competition Enforcement
Kate Fitzgerald	Head of Policy (Interim)
Natalie Timan	Head of Strategy Analysis and Monitoring
Sarah Day	Company Secretary until item 11
Ian Runacres	Private Secretary to the Chair
Louise Buckley	Chief Operating Officer

Attending for the following items:

7	Matthew Cherry	Senior Manager, Regulatory
	Deren Olgun	Senior Manager, Regulatory
9	Anita Kelly-Metelewa	Senior Manager, Operations, Risk & Project Management Office
	Matthew Cherry	Senior Manager, Regulatory
10	Ben Woodside	Manager, Regulatory
	Claire Simpson	Senior Manager, Regulatory
11	Maria-Jose Barbero	Senior Manager, Regulatory
	David Pitt	CEO of Pay.UK
	Mark Hoban	Chair of Pay.UK

* Other relevant Associates were also in attendance.