

# The Payment Systems Regulator Ltd

## Minutes

Meeting: PSR Board  
Time & date of Meeting: 18 November 2020 at 10:30 am

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Present: Charles Randell (Chair) Simon Ricketts  
David Geale Tommaso Valletti  
Chris Hemsley Aidene Walsh

In attendance: Set out in Annex A

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### 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 Managing Director's report

- 2.1 Mr Hemsley briefed the Board on a number of topical issues, including:
  - a) Authorised Push Payment (APP) Scams and options for change
  - b) Regulation of stablecoin
  - c) Strong customer authentication roll-out, due in September 2021.

### 3 FCA Update

- 3.1 Mr Geale briefed the Board on the business of the FCA that was of relevance to the PSR including the FCA's ongoing assessment of firms' financial resilience and engagement with those at highest risk of failure, access to cash, the payments landscape review and the supervision of firms planning to close branches. The PSR Board also noted that transformation continued at pace for the FCA.

### 4 PSR Strategy

- 4.1 The Board welcomed the PSR executive's initial thinking on the 2021/22 strategy which aimed to set out clear outcomes the PSR wants to see in the payments sector, and noted that the first period of engagement had been completed. The Board reflected that the strategy should be a meaningful document that sets out the key issues for the PSR and what type of regulator it aims to be.
- 4.2 The Board discussed the main issues identified as areas for the PSR to focus on. Board members emphasised the need to reflect real world consumer behaviour in the document when discussing consumer choice and competition, and to explain the complexity of payments transactions and the regulatory landscape. They also considered that the scale and diversity within the vulnerable consumer population would likely increase following the Covid crisis and emphasised the need for the PSR to engage with organisations to further build its understanding of the needs of consumers.

- 4.3 The team would be engaging with Board members further on specific issues in the coming weeks to feed into the strategy.

## **5 2020 Memorandum of Understanding review**

- 5.1 The Board noted the annual review of the MoU and welcomed the update that in response to Covid-19 there had been increased opportunities for collaboration which had strengthened relationships. The Board noted the importance of the regulators being joined-up on key issues when engaging with industry and encouraged joint representation at forums and events where appropriate.
- 5.2 The Board **approved** the Authorities' recommendation that no changes are made to the statutory PSR, Bank of England, FCA and PRA MoU. The Board also **approved** publication of a statement on the PSR website advising that the review had been concluded and no changes were required, and delegated authority to the Managing Director to agree to final wording of this statement.

## **6 PSR Consultation Paper on delivery and regulation of the NPA**

- 6.1 The Board received an update on the consultation paper on the delivery and regulation of the NPA and discussed the proposals for reducing and mitigating risks to delivery of the NPA.
- 6.2 It was noted that circumstances have changed significantly in the last eight months, so the PSR needs to be pragmatic in its approach. The Board noted that this context should be explained in the consultation paper, and that getting the programme right should still be an industry priority. The Board also noted that it would be helpful to signal clearly what the ultimate end outcomes are that the PSR wants the NPA to deliver.
- 6.3 The Board **approved** the recommendations in the paper and that the PSR should proceed with the consultation on the issues raised. The Board **agreed** to approve the publication via written procedure once comments from the discussion at the Board had been reflected. The Board said that Pay.UK should be given sufficient visibility of the paper in advance of publication to ensure that the paper was factually and technically sound.

## **7 Interbank competition with cards**

- 7.1 The Board were updated on the PSR's work exploring, with industry participants, the barriers to adoption and the strategic importance of interbank payments. It was noted that feedback from stakeholders indicated that they were keen to progress at pace.
- 7.2 It was noted that a number of banks already had interbank connectivity and were offering solutions provided by PISP and AISP solutions.
- 7.3 The Board encouraged the PSR to move forward in a phased way facilitating cooperative discussions without regulatory intervention where possible and utilising existing research and resources.

## **8 EU Withdrawal – Update**

- 8.1 The Board noted the update on EU withdrawal and the PSR's work to prepare for the potential impacts of a no-deal exit. The PSR was continuing to engage with key stakeholders to identify any potential issues.
- 8.2 The Board noted that, as previously identified and subject to the outcome of the negotiations, a regulatory gap affecting some (UK-EEA) transactions would arise whereby the interchange fee would no longer be subject to a regulatory cap. Board members were keen to ensure the risks were communicated early to relevant stakeholders.

## **9 PSR Annual Plan & Budget 21-22**

- 9.1 The Board discussed the annual plan and proposed budget options for 2021-22 and welcomed a continued focus on more efficient and flexible ways of working. The Board challenged the PSR on its prioritisation of key projects, to ensure the workload is aligned with the resources, skills and capabilities available, to deliver the central projects that had been committed to. The Board noted that the PSR should continue to look for opportunities to work jointly with the FCA where projects and remit overlapped to share expertise and resources.
- 9.2 The Board also supported a focus on the PSR's people and wellbeing and noted the significant work pressures caused by the impact of the Covid pandemic on staff. The ongoing focus on diversity in recruitment at all levels of the organisation was also welcomed.
- 9.3 The Board **approved** the budget option recommended in the paper, the accompanying proposed work programme and planning assumptions for 2021/22, recognising encouragements from the Board to constrain costs as far as possible and to phase projects in a way that maintains staff mental and physical wellbeing.

## **10 Minutes of the meeting held on 23 September 2020**

- 10.1 The minutes of the Board meeting held on 23 September 2020 were **approved**.

## **11 Matters Arising**

- 11.1 The progress in respect of the matters arising from previous meetings was **noted**.

## **12 Committee reports**

- 12.1 The Board **noted** the Chair's report from the Audit Committee that took place on 9 September 2020.

## **13 PSR Panel Update**

- 13.1 The Board **noted** the PSR Panel Report.
- 13.2 The Board **approved** the appointments of Ruth Wandhöfer as PSR Panel Chair for a term of three years, from 1 December 2020 to 30 November 2023.
- 13.3 The Board **approved** the re-appointment of Andrew Hewitt as a PSR Panel member for a second term of three years, from 1 December 2020 to 30 November 2023.

## **14 Items for noting**

- 14.1 The following papers were **noted**:
- a) Stakeholder Perceptions Survey 2020- High level findings
  - b) Minutes of meetings of the Executive Committee that took place on 15 September 2020 and 13 October 2020
  - c) Draft agenda for PSR Board Meeting on 20 January 2021

## **15 Any other business**

- 15.1 With no further items of business to discuss the meeting closed.

**Charles Randell**  
Chair

## **Annex A: Attendees**

### **Attending all, or substantially all, of the meeting:**

Carole Begent	General Counsel & Head of Regulatory & Competition Enforcement
Louise Buckley	Chief Operating Officer and Head of Strategy
Genevieve Marjoribanks	Head of Policy
Allyson Milano	Assistant Company Secretary
Simon Pearce	Company Secretary
Kim Turner	Private Secretary to the Managing Director
Ian Runacres	Private Secretary to the Chairman

### **Attending for the following items:**

<b>4</b>	Benjamin Woodside	Manager, Regulatory Policy & Strategy
	Nicole Coates	Technical Specialist, Regulatory Policy & Strategy
	Toby Parker	Manager, Communications
<b>5</b>	Nick Davey	Technical Specialist, Regulatory Policy & Strategy
<b>6</b>	Gala Poole	Manager, Regulatory Policy & Strategy
	Janet Duggan	Manager, Legal
	Ian Ellis	Technical Specialist, Regulatory Policy & Strategy
<b>7</b>	John Mowat	Manager, Regulatory Policy & Strategy
	Steven Bisoffi	Technical Specialist, Regulatory Policy & Strategy
	Nicole Coates	Technical Specialist, Regulatory Policy & Strategy
<b>8</b>	Steven Bisoffi	Technical Specialist, Regulatory Policy & Strategy
	Hilary Plattern	Manager, Regulatory Policy & Strategy
<b>9</b>	Jane Gosling	Manager, Operations
	Anita Kelly-Metelewa	Manager, Operations
	David Godfrey	FCA Director, Operations/Finance & Business Planning

Other relevant associates were also in attendance.