

## Draft Minutes

Meeting: Payments Strategy Forum

Date / Time: 9<sup>th</sup> June 2016 | 10.00 am to 1.00 pm

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### Ai.0 Preliminaries

- Faith Reynolds gave apologies on behalf of the Chair, Ruth Evans, and advised that she would be acting as interim Chair in her absence.
- Apologies for absence were noted from John Hackett, Mark Lyonette and Russell Saunders
- The acting Chair outlined the objectives for the meeting and thanked the Members for all their work to date.
- The PSR confirmed that it expects that all solutions will be subject to the open consultation and then a final resolution by the Forum before going into implementation, should the Forum agree to progress them.
- The PSR also provided an update on the work the PSR will be undertaking in the implementation of the Strategy.

**ACTION: PSR to inform the Forum of their thoughts on next steps after the strategy**

### Ai.1 Minutes and actions

- No comments on the minutes

#### Actions arising – vision document

- Philip McHugh updated the Forum on the output of a team which had met since the last Forum meeting to construct an overarching vision for Payments industry
- The Forum discussed the document and agreed that language should be introduced around end-users, and that stability and resilience should be included as over-arching objectives. The Forum also asked the team to clarify that these were not technical specifications.

**ACTION: Team to update document according to feedback for 27<sup>th</sup> June meeting**

**ACTION: Team to add clarity that these are guiding principles not technical blueprint**

**ACTION: Agreed vision to be included as the first part of the draft strategy**

### Ai.2 Payments Community Feedback

- The Secretariat updated the Forum on the comments of the Payments Community at the Roundtables and advised that detailed comments had already been submitted to the relevant Working Group Chairs to address in their work.
- The Forum agreed that the Community had raised valid points and that they would endeavor to address them as work progresses.

### Ai.3 PSO Governance

- Carl Pheasey, Chair of the PSO Governance Sub-Group (PSOGSG), presented the conclusions of the Sub-Group, and provided comments of the PSOCG on the paper.
- The Forum discussed the findings and Members commented on the high barriers to change which exist among scheme operators. Marion King agreed to supply additional information about the complexities unique to the LINK system for consideration.
- Carl Pheasey emphasized that the Sub-Group was not recommending that the systems be consolidated at the infrastructure level, but at the scheme level, i.e. rulemaking and procurement functions, and that implementation should not be left to the PSO's in isolation.
- The PSR commented that they would liaise with the BoE to discuss implementation processes in the event that this was progressed to consultation by the Forum.

**ACTION: PSR/BoE to consider implementation in parallel to the consultation**

**ACTION: Sub-Group paper to clarify that this is not infrastructure systems consolidation**

**ACTION: Marion King to provide her views on potential for including LINK**

**ACTION: Progress recommendation to the draft strategy**

### Ai.4 End User Needs; APIs and the Simplified Payments Platform

#### API Governance

- Otto Benz, Chair of the Editorial Team and Horizon Scanning Working Group (HSWG), updated the Forum on the API Governance solution.
- The Forum discussed the paper and asked for the WG to make it clearer that this solution was about common governance, and to ensure that end-users are adequately represented on the governance structure.
- The FCA cautioned about the use of the API terminology, so as not to conflate this solution with the APIs being developed under PSD2. Other Forum Members agreed that this would need to be aligned with existing initiatives at a European Level.

**ACTION: HSWG to clarify in paper that the Group is not proposing further fragmentation**

**ACTION: HSWG to update paper to ensure API implementation body has representation of end-users**

**ACTION: HSWG to consider the validity of UK standalone governance body in light of European and global standards under development**

#### Simplified Payments Platform

- Otto Benz, Chair of the Editorial Team and Horizon Scanning Working Group, updated the Forum on the Simplified Payments Platform Solution.
- The Forum discussed the solution, seeking clarity that this would be progressed through a standards approach rather than a scheme. The Group explained that in this way, many overlay services could be introduced. The Chair agreed to update the report to include a section on how they envisaged the market being created for this solution.

- The Forum agreed that the timelines needed to be made clearer and that careful communication would be required to ensure that it was clear this would not be a scheme in the traditional sense and how user needs could be met in the transition period. The Forum agreed that greater clarity was needed around transition mechanisms and possible mandatory end dates.
- The Working Group representatives confirmed that the model proposed was a distributed model. It would be possible to use distributed ledger technology with this, but that was not precluded in the proposal. The Forum agreed to progress the centralized and distributed options to the consultation.

**ACTION: HSWG to update paper to give clarity on timelines**

**ACTION: HSWG to update paper with transition and consideration of mandatory end point**

**ACTION: HSWG to update paper on how market is to be created for distributed model**

**ACTION: HSWG to continue conversations on settlement with BoE**

**ACTION: PSR to consider stakeholder engagement plan for industry buy-in**

**ACTION: HSWG to work with KPMG to provide clearer explanation of how the end user use cases can be achieved in the interim and a clearer exposition of the SPP**

**ACTION: Progress recommendations to the draft strategy, subject to agreed changes**

## **End User Needs**

- Nick Davies, Deputy Chair of the End-User Needs Working Group, updated the Forum on the Enhanced Data Framework solution.
- The Forum discussed the preliminary cost-benefit-analysis provided by the Group and agreed that it needed further work based on newer, more robust information, taking into account the fact that one solution may be solving multiple detriments.

## **Ai.5 Financial Crime; Data and Security**

- Neil Lover, Chair of the Financial Crime; Data and Security Working Group (FCWG) updated the Forum on the solutions of the Financial Crime Working Group.
- The Forum discussed a number of issues in detail including how to define 'identity', how to ensure a risk based approach, how to ensure appropriate authentication and how to ensure that a proper assessment is available for vulnerable consumers who are excluded from the system.
- The Forum agreed to make Financial Crime a priority item at the next Forum meeting to allow for a fuller discussion, once these issues had been reverted to the Working Group for further discussion with the relevant Forum Members and the FCA.

**ACTION: Forum Members concerned to engage with FCWG ahead of next meeting**

**ACTION: Financial Crime to be first agenda item at next meeting**

**ACTION: FCA to pick up with FCWG offline on their remit**

**ACTION: Progress recommendation to the draft strategy, subject to next meeting**

## **Ai.6 Account Number Portability**

- Otto Benz, Chair of the Account Number Portability Editorial Team (ET), updated the Forum on the Account Number Portability Solution.
- CapGemini presented its analysis of ANP as an appropriate solution to solve the detriments identified by the Team
- The Forum agreed that the costs of this solution significantly outweigh the benefits and therefore it would not be progressed to the draft strategy.

**ACTION: ET to finalise analysis paper for publication as an annex to the draft strategy**

**ACTION: Do not progress recommendation to consultation but include an appropriate section in the draft strategy**

## **Ai.7 KPMG Update**

- KPMG updated the Forum on their progress on evolution of the Working Group solutions and further work to be completed.
- The Forum discussed the work to date and agreed a set of actions for KPMG to undertake to progress the solutions and draft strategy document.

**ACTION: KPMG to circulate detailed evaluation framework to the WGs**

**ACTION: KPMG to comb through previous documents and facilitate workshops to identify what further evidence is required with top level document**

**ACTION: KPMG to produce sequencing plan to be drafted by 20<sup>th</sup> June**

**ACTION: KPMG to produce draft strategy document, focusing on a clear communication of the SPP and linking the detriments to the solutions, for discussion by 20<sup>th</sup> June**

## **Ai.8 2<sup>nd</sup> Payments Community Event**

- The Secretariat updated the Forum on the arrangements for the 2<sup>nd</sup> Payments Community event.

## **Ai.9 AOB**

**ACTION: All solution documents to date to be reviewed by their Working Groups and updated ahead of publication alongside the draft strategy. Actions on specific documents for the annexes:**

- **HSWG Report to be updated**
- **PSO Governance needs additional appendix + reordering of document**
- **EUNWG financial capability paper to include liabilities**
- **ANP paper to be updated with narrative**
- **Financial Crime Customer Awareness paper to be submitted**

## **ANNEX 1 – Attendance List**

### **Apologies:**

John Hackett – Chief Operating Officer, HSBC  
Mark Lyonette – Chief Executive, Cornerstone Mutual Services  
Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group

### **Attending:**

#### *Members*

Ruth Evans - Chair, Payments Strategy Forum  
Adam Marshall – Director General, 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  
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  
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  
Tom Ironside – Head of Business and Regulation, British Retail Consortium

#### *Observers*

David Bailey, Bank of England  
Nilixia Devlukia, Financial Conduct Authority  
Paul Smith, Payment Systems Regulator  
Dora Guzeleva, Payment Systems Regulator

#### *Working Group Support*

Andrew Ducker, Lloyds Banking Group  
Glynn Warren, HSBC  
Jane Barber, RBS  
Ian Hooper, CapGemini

#### *Independent Evaluators*

Thomas Collins, KPMG  
Abdul Muhit, KPMG

*Secretariat*

David McPhee

Michaela Costello

Francois Rogers

Alex Lui

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