

The Payment Systems Regulator Ltd

Minutes

Meeting: PSR Board
Time & date of Meeting: 14 July 2021
Venue: Microsoft Teams & 12 Endeavour Square

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

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. Apologies for absence had been received from Louise Buckley.
- 1.2 No interests in the items to be discussed were declared.
- 1.3 The MD briefed the meeting on the work being done by the PSR to ascertain the impact of the proposed changes to performance management and bonuses in FY2021/22 on staff, as proposed under the FCA's transformation programme. It was agreed that the paper being taken to the FCA's Remuneration Committee be seen by the Board.

2 Managing Director's report

- 2.1 Mr Hemsley briefed the Board on a number of topical issues, including:
 - a. APP Scams – The MD appeared before the Treasury Select Committee alongside the FCA, HMRC and Companies House to discuss the ongoing rise in APP Fraud, among other concerns.
 - b. Fit for the Future – Progress is being made on the work to improve the effectiveness of the organisation and make it suitable for the future. The work has been reprioritised and external support identified to work with senior management to execute the plan.
 - c. Open Banking – The PSR continues to work closely with the CMA, FCA and HMT to ensure suitable regulatory oversight of Open Banking as it transitions away from the Open Banking Implementation Entity and the CMA's oversight role is reduced.

3 FCA Update

Mr Geale briefed the Board on the business of the FCA that was of relevance to the PSR.

4 Payment System Designation

- 4.1 The Board was briefed on the process of designating a new payment system under the Financial Services (Banking Reform) Act (FSBRA).

5 Joint working with the Bank of England on NPA and access to cash

- 5.1 The Board was briefed on the joint work with the Bank of England on de-risking delivery of the New Payments Architecture (NPA) and access to cash issues.
- 5.2 The Board was informed that members of the Joint Authorities Cash Strategy (JACS) group had been sharing information and coordinating their approaches to address emerging risks to cash access arising from the pandemic.
- 5.3 The Board discussed the ongoing joint work with the Bank's Financial Market Infrastructure Directorate (FMID) to examine options for de-risking the delivery of the NPA and PSR work to ensure that Pay.UK continues to build further its skills and capability.

6 NPA Update: de-risking delivery and regulatory framework

- 6.1 The Board was briefed on the proposed policy statement that sets out the PSR's decisions on de-risking delivery of NPA and the legal instruments required to develop the regulatory framework required to implement its decisions. The Board was also briefed on the PSR's work to develop a regulatory framework that mitigates the risks to competition and innovation when the NPA is operational.
- 6.2 The Board discussed how these measures fitted with the plan for delivering the NPA.
- 6.3 The Board discussed Pay.UK's proposed procurement strategy and the importance of ensuring a robust process. The Board was informed that the PSR was developing an assurance process that will require Pay.UK to demonstrate, at certain times, that its work to deliver the NPA will support the PSR's statutory objectives.
- 6.4 The Board discussed the proposed regulatory framework for the NPA and how this had developed following the feedback received from the consultation process, particularly the industry's call for flexibility in the approach to regulation. The Board supported taking a principles-based approach and recommended that future reviews of the principles provide clarity on the success of its application.
- 6.5 The Board discussed the resource implications of developing the NPA and the cost implications for participants. The Board asked for more information on Pay.UK's work to develop the cost allocation model and secure funding from participants, and the role of the PSR in monitoring the process.

7 APP scams – CFV responses and policy options for Consultation Paper

- 7.1 The Board was briefed on the proposed policy statement and packages of measures designed to incentivise Payment Systems Providers (PSPs) to put mechanisms in place to prevent the occurrence of APP scams and their impact on victims.
- 7.2 The Board discussed the proposed package of measures and the anticipated impact in mitigating harm to consumers. The team informed the Board that the law currently does not permit a mandatory approach to the reimbursement of victims of APP scams. It noted that the CRM code would be further developed in collaboration with consumers groups and banks.

7.3 The Board gave its steer on the practicality of the package of measures and recommended that the role of Payment Initiation Service Providers (PISPs) in sharing data and periodic consultation with consumer groups be considered in the consumer protection work. The Board received assurances that potential industry challenges to the proposed measures had been considered in the development of the proposed policy.

7.4 The Board recommended that the proposed consultation on the policy statement reflects that the PSR is aware of unintended consequences, particularly the risk of de-banking and its impact on vulnerable groups.

8 2021 Employee Survey results

8.1 The Board received the report on the 2021 Employee Survey results which provided insight on staff views on the PSR as a workplace, the PSR's communications and activities in 2020 and organisation wide areas of focus.

8.2 The Board discussed the survey results and noted that there was improvement in the overall Trust Index score compared against historical benchmarks. The team informed the Board of some of the planned initiatives focusing on teamwork, talent management, career development and improve the overall staff working experience at the PSR.

8.3 The Board noted the favourable result in staff confidence in leadership and the call for more activities in the corporate social responsibility area. The Board recommended that the team considers how best to offer opportunities that align with the organisation's Fit for the Future

9 Minutes and matters arising

9.1 The minutes of the meeting of the Board held on 23 June 2021 were approved.

9.2 The progress in respect of the matters arising from previous meetings was noted. The Board approved the actions proposed for closure.

10 Committee Report

10.1 The Chair's report from the meetings of the Audit Committee on 12 April 2021, 4 May 2021 and 15 June 2021 were noted

11 PSR Panel update

11.1 The Board approved the re-appointments of Matthew Hunt and Mark O'Keefe to the PSR Panel for a second term of three years, from 1 July 2021 to 31 June 2024.

11.2 The Board noted the PSR Panel Annual Report 2020-21.

12 Items for noting

12.1 The following papers were **noted**:

- a) The minutes of the Executive Committee held on 27 April 2021, 11 May 2021, 25 May 2021 and 8 June 2021.
- b) draft agenda for the PSR Board meeting to be held on 15 September 2021.

13 Any other business

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
Simon Pearce	Company Secretary (FCA)
Kim Turner	Private Secretary to the Managing Director
Ian Runacres	Private Secretary to the Chairman (FCA)
Bernard Buckley	Representative from Advanced Board Excellence
Allyson Milano	Senior Associate, Central Secretariat (FCA)

Attending for the following items:

4	Nick Davey	Technical Specialist
	Simon Morley (BoE)	Executive Director, Financial Market Infrastructure
	Sophie Quarrell (BoE)	Senior Manager, Retail Payments Supervision
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	Sophie Quarrell (BoE)	Senior Manager, Retail Payments Supervision
	Andrew Self	Senior Policy Manager
6	Janet Duggan	Legal Manager
	Ian Ellis	Technical Specialist
	Lola Woodward	Technical Specialist
7	Anish Thakrar	Technical Specialist

8 Diane Pinto HR Manager

*Relevant associates and other professional business support staff were also in attendance.