

## Minutes | DRAFT for sign off

Meeting: Payments Strategy Forum

Date / Time: 31<sup>st</sup> October 2016 | 14.00pm to 17.00pm

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### Ai.0 Welcomes; objectives; membership; conflicts of interest

- The Chair stated that the objective of the meeting was to achieve consensus on key areas highlighted in EY's assessment of the consultation responses.

### Ai.1 Minutes and Actions

- The September minutes were signed off without comment. *[Post meeting note: The FCA raised comments with the secretariat offline pertaining to their own comments. This have been included in the final version]*
- All actions from the last meeting were noted as complete.
- Hannah Nixon was asked to provide an update on the PSRs recent CEO engagement. Meetings to date had indicated support at senior levels, both in terms of the Forum's approach and its direction of travel. The Chair confirmed that these comments reflected those she had received from the Chair of the PSR, John Griffiths-Jones.

**Action: Secretariat to post minutes on the Forum's website**

### Ai.2 EY Update

- Hamish Thomas (EY) provided a progress update, highlighting three key areas identified through their assessment of the consultation responses:
  1. Data Privacy, Security, and Access;
  2. Governance; and
  3. More information and cost benefit analysis required.
- Russell Saunders noted that the concerns about data should be an area to investigate and resolve in the next phase of work but shouldn't stop the inclusion of the Financial Crime solutions in the Strategy. The Forum agreed.
- Thaer Sabri also raised concerns that the solutions were over-simplified in terms of a risk-based approach. He was also concerned that the way the solutions were presented did not make clear the scope or intention. Consensus was reached that there needed to be a balance between providing a high-level summary with sufficient technical detail.

**ACTION: Thaer Sabri agreed to provide comments on the draft final strategy to reflect his concerns with the Financial Crime solutions**

- The FCA commented that there appeared to be a lack of acknowledgement in the Strategy of other initiatives underway and how the Forum could align with them, rather than cutting across.

**ACTION: EY to ensure that the final strategy is clear how other industry initiatives align with the Forum's Financial Crime solutions.**

- In response to a question from the Secretariat Hamish Thomas (EY) noted that while a draft copy of the final strategy had been circulated to the Working Groups this would not constitute a 'pseudo consultation'. The Forum advised EY that any changes from the draft to final Strategy must be reflective of the view of the consultation and any key strategic decisions made by the Forum. EY it was taking steps to ensure this would be the case.

### **Ai.3 Strategic discussion and decisions**

- Hamish Thomas (EY) presented the decision points and the Chair sought consensus

#### **Topic 1: Ongoing inclusion of all solutions currently under discussion**

- The Forum agreed, based on EY's assessment of the consultation responses, that all the proposed solutions should be progressed to the final strategy
- More specifically on the end user need solutions, the Forum agreed:
  - Recognising the limitations of the current Schemes, to fully meet all the 'End User Needs' would require the implementation of the New Payments Architecture (NPA). However, partial solutions could be delivered in the interim, e.g. confirmation of payee.
  - The first step would need to be the collaborative development of the necessary standards and rules, which the competitive market can then develop solutions against. It was agreed this should be priority activity in 2017.
  - Should an existing Scheme wish to and can develop a future proofed solution in parallel they should be free to do so, however, the Forum noted that they may not wish to do so until the standards and rules have been developed.

#### **Topic 2: The way forward for the Simplified Payments Platform**

- Following on from the discussions on Topic 1, the Forum agreed that the Strategy should propose the development of a NPA, defined as the vision for:
  1. a single set of standards and rules, with strong central governance
  2. end-to-end interoperability (including APIs and a common messaging standard),
  3. a thin collaborative infrastructure, allowing multiple providers of overlay infrastructure or services to compete in the market simultaneously
  4. secure & resilient, with financial stability a key principle
- The Forum agreed that these core principles should underpin the NPA detailed design and at this stage it wasn't necessary to make a final decision on whether it should be centralised or distributed.

### Topic 3: Implementation: focus for 2017 and how to maintain momentum

- The Forum focussed their discussion on aligning their work with the consolidated PSO. The following was agreed:
  1. The Forum should be tasked with developing the necessary requirements, rules and standards for the End User Needs, the NPA and the technical Financial Crime solutions
  2. In parallel, the PSO Delivery Group should ensure that the new consolidated entity is designed in a way that it is capable of procuring the NPA as part of its competitive procurement process. It was noted the onus would then be placed on infrastructure providers to describe how they would deliver the NPA and that the Forum should look to engage with potential providers as they design the NPA.
  3. It was agreed in principle therefore that the Forum would need to conclude its design work by end 2017 to hand over to the new consolidated entity in early 2018.
- The Forum noted that Financial Crime solutions would need to be implemented by more appropriate bodies and that it would be important for the Forum to have sight of the delivery process.

**ACTION: EY to reflect the outcomes of Topics 1 to 3 in the final Strategy.**

#### Forum 2.0 and Funding

- The Forum agreed that there were two elements of funding that needed to be considered:
  1. Funding of 2017 activities
  2. Funding and economic modelling for the delivery of the Forum's solutions, specifically the NPA and some Financial Crime solutions.
- It was noted that the PSR was giving some thought to funding for 2017 and would present at the December 16<sup>th</sup> meeting
- It was agreed that the funding and economic modelling for delivering the Forum's solutions would need to be considered in 2017 as the Forum moves into the detailed design phase. In the meantime it was agreed that a sub group, led by Carlos Sanchez, would be formed to hold initial discussions.

**ACTION: Carlos Sanchez to form a sub group of Forum Members to look at the funding for the delivery of the Forum's solutions.**

- Finally, the Forum discussed its Membership and work programme for Forum 2017. It was noted that the initial timeframes look ambitious and that the Membership may need to change to reflect the more technical nature of the work.
- The Chair reminded Members that at the September meeting an action was placed on Members who wished to step down (post the launch of the Strategy) to advise the Forum Secretariat. Otherwise it is expected the Membership will stay the same.
- The Chair advised that the first meeting of the Forum post the launch of the Strategy would be on 16<sup>th</sup> December and this would be used for a discussion on scope; objectives; high level work programme and funding for 2017.

### **Additional comments**

- The Bank of England noted that stability should underpin the entire strategy, not just the design of the NPA. They also reiterated that clarity that settlement of central bank money is made more explicit.
- Forum Members who represented end users emphasised the need for the final strategy to clearly articulate the historic problems all these initiatives will solve and be drafted in a way that can be read and understood by a range of stakeholders

### **Ai. 4 Launching the Final strategy**

- The Forum secretariat provided a status update ahead of the 29<sup>th</sup> November launch event, advising on key milestones and dates.
- The Forum noted two key areas:
  - Media will be in attendance at the launch and there is a possibility of a media briefing immediately after the event. It was agreed that the Chair and the four Working Group Chairs would lead on this (subject to availability) but there was capacity for 2 or 3 additional Forum Members
  - The Chair and the four Working Groups Chairs will lead on an hour long session on the final strategy. It was agreed the Forum Secretariat will facilitate a session ahead of the launch to discuss and agree the approach.

**ACTION: Forum Secretariat to arrange and facilitate a session ahead of the launch to discuss and agree the approach with the four Working Group Chairs.**

### **Ai. 4 AOB**

- No AOB was raised

## **ANNEX 1 – Attendance List**

### **Apologies:**

Adam Marshall – Director General, British Chambers of Commerce

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

Lisa Felton – Head of Consumer Policy, Vodafone

John Hackett – Chief Operating Officer, HSBC

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

Tom Ironside – Head of Business and Regulation, British Retail Consortium

### **Attending:**

#### *Members*

Ruth Evans - Chair, Payments Strategy Forum

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 (Ai 4 and 5 only)

Katherine Horrell – Group Treasurer, Centrica

Mark Lyonette – Chief Executive, Cornerstone Mutual Services

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

Sian Williams – Head of Financial Inclusion, Toynbee Hall

Thaer Sabri – Chief Executive, Electronic Money Association

#### *Observers*

David Bailey, Bank of England

Nilixia Devlukia, Financial Conduct Authority

Hannah Nixon, Payment Systems Regulator

Paul Smith, Payment Systems Regulator

Dora Guzeleva, Payment Systems Regulator

#### *Independent Evaluators*

Hamish Thomas, EY

Kristine Milne, EY

#### *Secretariat*

David McPhee

Michaela Costello