

# The Payment Systems Regulator Ltd

## Minutes

Meeting:	PSR Board	
Time & date of Meeting:	18 January 2023 at 11.00	
Venue:	Board Room 2.38	
Present:	Aidene Walsh	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 Faith Reynolds declared her directorship with the Current Account Switching Service in relation to the Managing Director's report. The Board agreed that this did not constitute a conflict.
- 1.3 No other 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. Discussion included reference to the following:
  - a) The Financial Services and Markets Bill (the Bill), which was noted to be in the latter stages of the parliamentary process. Preparations were underway to implement the obligations relevant to the PSR arising from Royal Assent of the Bill.
  - b) Central Bank Digital Currency (CBDC), noting the Bank of England's CBDC sample wallet proof of concept and research tender, published in December 2022.
  - c) Recruitment, noting that strong progress being made, including the onboarding of a significant number of new colleagues.
  - d) Open Banking, including the ongoing collaboration with the FCA.
  - e) New Payments Architecture, including progression of the infrastructure tender.

### **3 FCA Update**

- 3.1 Mr Geale briefed the Board on the business of the FCA that was of relevance to the PSR. Discussion included reference to the FCA's work in relation to:
    - a) The Cost of Living, and recent spending patterns and use of cash, digital payments, and deferred payment credit
    - b) Future Regulatory Framework
    - c) APP scams
    - d) Access to cash
-

#### 4 Committee Reports

4.1 The Board noted the following reports:

- a) Audit Committee Chair report of the meeting held on 17 November 2022.

#### 5 Engagement Update

5.1 The Board was briefed on the success of the new engagement model and positive feedback received from stakeholders on the recent APP Scam project.

5.2 The Board endorsed the development of communication themes to support the way in which the PSR communicates and engages in a consistent way. Discussion included reference to the following:

- a) Ensuring the themes articulate the PSR's unique value proposition and how its activities have evolved
- b) Developing the PSR's standing as a thought leader plus its international profile
- c) That the themes would be adapted and evolve over time

5.3 The Board endorsed proposals to develop NED involvement in PSR engagement activities.

<b>Decision:</b>	<b>The Board broadly agreed the three communication themes, subject to its comments.</b>
<b>Decision:</b>	<b>The Board agreed a NED engagement forward look to be shared on a monthly basis.</b>

#### 6 Annual Plan & Budget Financial Year 2023/24

6.1 The Board was briefed on the proposed budget, accompanying work programme and planning assumptions for the financial year 2023/24 (FY23/24). This included a recap of the budget setting process which had included various briefing sessions with the Board.

6.2 Within this, the Board recognised the robust efficiency/reprioritisation exercise that had been conducted and the level of ambition reflected in the resulting work programme. It was acknowledged that much of the PSR's activity is rooted in pre-existing corporate, statutory and critical public commitments, and some flexibility is also needed to allow the organisation to respond to new or unplanned work, such as responding to changes in the external environment. The Board considered the importance of reflecting these aspects in the communications accompanying publication of the annual plan & budget.

6.3 The Board was satisfied with the underlying assumptions and proposed approach to reserves during the year and requested that these be appropriately codified and reviewed going forward.

<b>Decision:</b>	<b>The Board approved the PSR's FY23/24 budget, accompanying work programme and planning assumptions.</b>
<b>Decision:</b>	<b>The Board delegated sign-off of the FCA Board paper (re: the FY23/24 budget) to the Chair and Managing Director.</b>

## 7 CRO Report

- 7.1 The Board was briefed on their assessment of the key risks facing the PSR and the organisation's ability to manage and mitigate such risks.
- 7.2 The Board recognised the multi-dimensional nature of the PSR's risk profile including the evolving payments ecosystem and accountability landscape and its ambition to tackle new and complex payments sector issues. Within this context, and the maturity of the PSR, the Annual Plan & Budget Financial Year 2023/24 was considered to appropriately reflect its ambition, striking the appropriate balance between delivery of current strategy, and focussing on the future horizon.
- 7.3 The Board also received an update on the PSR's internal audit programme, including actions identified during previous internal audit reviews. The Board sought assurance regarding the progress of outstanding actions and the mitigations in place to secure their completion.

## 8 2023/24 to 2025/26 Three-year strategic Payment Systems Regulator Internal Audit Plan

- 8.1 The Board was briefed on the proposed three-year strategic internal audit plan, developed following a prioritisation of the PSR audit universe and taking into account Internal Audit's assessment of the PSR's risks and feedback from senior management.
- 8.2 In considering the schedule of reviews, discussion included reference to:
- Ensuring the timing of the year 1 Risk Management review dovetails with completion of the associated outstanding internal audit review actions
  - Considering whether the year 3 PSR Use of Data review, or aspects of it, should be brought forward
  - Ensuring that the scope and expectation of each review is clearly defined with and understood by management prior to commencement.

<b>Decision:</b>	<b>The Board approved the 2023/24-2025/26 Three-year strategic Internal Audit Plan, subject to its comments.</b>
------------------	--

## 9 Governance matters

### Cross Authority Memorandum of Understanding

- 9.1 The Board was briefed on the 2022 exercise to review the memorandum of understanding (MoU) between the PSR, FCA, Bank of England and PRA and the effectiveness of cross authority relationships. It was noted that no changes to the MoU were recommended.
- 9.2 In considering the actions arising from the review, the Board sought to understand the mechanism for monitoring their implementation. The Board also received assurance that the costs associated with this year's actions were factored into the annual plan and budget for the financial year 2023/24.

- 9.3 The Board agreed it would be beneficial to better understand the gateways between the authorities, for data sharing purposes, to ensure these remained effective and that data is shared and utilised to best effect, as appropriate.

<b>Decision:</b>	<b>The Board approved the publication of a public statement re: the 2023 review of the cross-authority Memorandum of Understanding.</b>
<b>Decision:</b>	<b>The Board delegated finalisation of the public statement (re: the 2023 review of the cross-authority Memorandum of Understanding) to the Managing Director.</b>

Board effectiveness review update

- 9.4 The Board was briefed on progress in relation to the 2022 Board effectiveness review and the intention to schedule a separate Board session to consider any subsequent recommendations and to agree the ongoing action plan.

## **10 Matters reserved to the Board**

Decisions of the Board

- 10.1 Minutes of the last meeting: The Board approved the minutes of the Board meeting held on 16<sup>th</sup> November 2022, subject to minor amendment.

<b>Decision:</b>	<b>The Board approved the minutes of the Board meeting held on 16<sup>th</sup> November 2022, subject to minor amendment.</b>
------------------	---

- 10.2 Action Log: The Board was briefed on progress made against the actions agreed at previous meetings.
- 10.3 Items for noting: The Board considered the draft agenda for the PSR Board meeting on 15 March 2023 and suggested amendments.

## **11 AOB**

- 11.1 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:**

Kate Fitzgerald	Head of Policy
Natalie Timan	Head of Strategy Analysis and Monitoring
Sarah Day	Company Secretary

**Attending for the following items:**

- |           |                      |   |
|-----------|----------------------|---|
| <b>6</b>  | Toby Parker          | Senior Manager, Corporate, PSR                          |
| <b>7</b>  | Craig Chapman        | Director, Operations                                    |
|           | Anita Kelly-Metelewa | Senior Manager, Operations, Risk and Project Management |
|           | Toby Parker          | Senior Manager, Corporate, PSR                          |
|           | Danielle Banaszak    | Manager, Regulatory                                     |
|           | Alison Lyndon-Parker | Manager, Corporate                                      |
| <b>8</b>  | Anita Kelly-Metelewa | Senior Manager, Operations, Risk and Project Management |
|           | Matthew Cherry       | Senior Manager, Regulatory                              |
|           | Alison Lyndon-Parker | Manager, Corporate                                      |
| <b>9</b>  | Neil Whalley         | Head of Department, Internal Audit                      |
|           | Michelle Wallis      | Technical Specialist, Internal Audit                    |
|           | Anita Kelly-Metelewa | Senior Manager, Operations, Risk and Project Management |
|           | Alison Lyndon-Parker | Manager, Corporate                                      |
| <b>10</b> | Nick Davey           | Technical Specialist, Regulatory                        |