

Minutes

Meeting: PSR Board
Date of Meeting: 18 July 2019
Venue: 12 Endeavour Square, London

Present: Charles Randell (Chair) Andrew Bailey
Carole Begent Louise Buckley
Amelia Fletcher Noel Gordon
Chris Hemsley Simon Ricketts
Nick Stace Christopher Woolard

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. No interests in the items to be discussed were declared.

2 Managing Director's report

- 2.1 The meeting was briefed on the PSR's external engagement in relation to access to cash. The Board was informed that good working relationships continued with Natalie Ceeney and, as a member of the Joint Authorities Cash Strategy Group (JACS), the PSR has constructive interaction with the group members and its Chair. The Board agreed that the PSR's participation in the JACS was helpful and provided good opportunities for engagement with the other institutions who also have an interest. The meeting discussed the roles of the various bodies within the JACS in the overall strategy for cash access.
- 2.2 The meeting discussed the Regulatory Framework review being led by HMT and the Payments Landscape. In this context, the importance of the "Vision" work already carried out by the PSR was emphasised. The meeting also discussed the HMT-led work on regulatory coordination (or "air traffic control") and noted the comments by UK Finance on this subject.
- 2.3 The Board discussed the governance and assurance supporting the data from LINK on distribution of ATMs. It noted that the PSR regularly engaged with LINK to review the analysis and the Board requested a more detailed report from the team be received periodically.
- 2.4 The meeting discussed the potential impact of Libra, the proposed cryptocurrency associated with Facebook, and noted the work being carried out by the FCA in this area into which the PSR was linked. The Board noted the possibility of other large tech firms seeking a presence in this area in due course.
- 2.5 The meeting was briefed on the continuing preparations for Brexit, including work being carried out jointly with the FCA, HM Treasury and the Bank of England. The Board noted that the implications of the terms of Britain's exit from EU on the Interchange Fee Regulation were being considered.

3 Long-Term Access to Cash

- 3.1 The Board received a presentation that outlined the PSR's progress in its work in relation to Access to Cash.
- 3.2 The Board noted the context: society's cash needs extend beyond merely providing for the vulnerable or unbanked, large numbers of people continue to make cash payments even though the overall trend is in decline, and consumers continue to value cash as an option for payment even when it is not their preferred method. This implied that cash would remain an important payment method for a long time. The Board also noted the importance of consumers being able to use cash (as distinct from having access to it) and recognised that this whole area of work raises issues of social policy which may involve other authorities.
- 3.3 The Board discussed a range of issues, including those arising from the PSR's Call for Views relating to the structure of the LINK interchange fees and market research commissioned by the PSR to better understand consumers' and small businesses' cash needs. These included the need to consider access to cash at the point where it is spent as distinct from where consumers live, the continued importance of ATMs as the primary means consumers use to obtain cash and the wide range of stakeholders' views on interchange fees. The Board recognised that the Access to Cash work raises a range of issues and options to understand and consider. It asked the team to return to the Board at its meeting in September to consider these options in more detail.

Andrew Bailey and Chris Hemsley left the meeting at 12:45pm

4 Report from the Chief Risk Officer

- 4.1 The Board received the report from the Chief Risk Officer and considered the issues highlighted within it. The meeting discussed how changes in the wider political landscape might impact on the PSR and the achievement of its objectives. The Board noted the progress made in defining an appropriate risk taxonomy and discussed appropriate metrics that would show progress.
- 4.2 The meeting discussed the difficulty of defining a risk appetite for a regulator such as the PSR and recognised that it may not be realistic to adopt a single statement. The Board noted the approach taken by the executive of considering the impact of trade-offs a regulator is forced to make, for example through the prioritisation of its interventions.
- 4.3 The Board considered the activities that were intended to give assurance of the effectiveness of the PSR's risk management framework. It was felt that these should be embedded more within business processes and place less reliance on Internal Audit.
- 4.4 The Board **approved** the adoption of the Risk Management and Internal Control Policy.

5 Minutes of previous meetings

- 5.1 The minutes of the meetings of the Board that took place on 11 June 2019 and 26 June 2019 were **approved**.

6 Matters arising from previous meetings

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

7 Committee reports

- 7.1 The Chair briefed the meeting on the business conducted at the meetings of the Audit Committee meeting held on 23 May 2019 and 14 June 2019. The Board noted in the meeting of 23 May the discussion of the Internal Audit contract. The Board requested that suitable assurance be obtained that any conflicts of interests relating to the PSR that may arise with the selected contractors were being identified and managed.

8 Papers for noting

- 8.1 The Board noted the following papers:
- a) minutes of meetings of the Executive Committee held on 21 May 2019
 - b) the draft agenda of the Board meeting due to take place on 20 September 2019
 - c) the forward agenda for Board meetings

9 Any other business

- 9.1 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:

Simon Pearce	Company Secretary
Kim Turner	Private Secretary to the Managing Directors
Ian Runacres	Private Secretary to the Chairman
Beverley Walker	Manager, Board Secretariat

Attending for the following items:

3	Matthew Cherry	Manager, Policy
	Janet Duggan	Manager, Legal
	Toby Parker	Manager, Communications
4	Jane Gosling	Manager, Communications & Operations
	Fod Barnes	Senior Advisor, Managing Director's Office