

# The Payment Systems Regulator Ltd

## Minutes

Meeting: PSR Board  
Time & date of Meeting: 16 November 2022 at 10.00  
Venue: Board Room 2.38

Present: Aidene Walsh Chris Hemsley  
David Geale Faith Reynolds  
Tommaso Valletti (except for items 1 & 4)  
Simon Ricketts

In attendance: Set out in Annex A

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### 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. 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 activities relating to the following:
  - a) Engagement with the Competition and Markets Authority on the future of Open Banking
  - b) the New Payment Architecture (NPA) and the associated funding model

### 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 activities relating to the following:
  - a) the Consumer Duty.
  - b) Deferred Payment Credit (DPC) highlighting that the FCA's powers in respect of unauthorised firms are limited pending HMT finalising legislation to bring these products into regulation. Many firms offering DPC are not regulated but the FCA can and has taken action using its consumer protection powers outside of the FSMA regime.
  - c) Access to cash, including the continuing encouragement to firms to explore alternative solutions where branch closures are planned.

#### 4 **FY22/23 forecast position and FY23/24 Annual Plan & Budget**

- 4.1 The Board was briefed on the proposals which set out the FY22/23 forecast position and the FY23/24 Annual plan and budget.
- 4.2 The Board agreed that further exploration and discussion of the proposals was needed.

2022/23 forecast position

<b>Decision:</b>	<b>The Board approved to continue with the current work plan and existing activity levels.</b>
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2023/24 Annual Plan & Budget

<b>Decision:</b>	<b>The Board agreed to defer the decision to the January Board meeting with a request to have more focussed sessions</b>
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#### 5 **PSR Fees 2023/24**

- 5.1 The Board was briefed on the proposed approach to the 2023/24 regulatory fees consultation. This included discussion of the following proposals to amend the PSR's regulatory fee formula:
- a) that the PSR fee arrangement be amended to charge fee payers nothing where the initial fee is less than £100. The funding shortfall would then be distributed across the remaining fee payers.
  - b) that the PSR introduce a formula to charge relevant for-profit PSOs a share of the costs of special projects.
- 5.2 The Board was supportive of the suggested approach to the consultation and discussed the importance of a considered communications strategy, clearly articulating those aspects of the PSR's work that are mandatory.

<b>Decision:</b>	<b>The Board approved public consultation of the following proposals:</b> <ul style="list-style-type: none"> <li>• <b>to amend the arrangements to not charge fee payers where the initial fee is less than £100</b></li> <li>• <b>to introduce a mechanism to charge relevant for-profit PSOs a share of the costs of special projects</b></li> </ul>
<b>Decision:</b>	<b>The Board delegated final sign off of the consultation document to the Head of Policy.</b>

#### 6 **Fnality Sterling Payment System – Day 1 requirements**

- 6.1 The Board was briefed on the designation of the Fnality Sterling payment system and the planned regulatory approach ahead of the system becoming operational.
- 6.2 The Board was supportive of the proposals and discussed the following:

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- a) the resourcing and funding options of the regulatory approach, particularly considering the aforementioned proposals to amend the PSR's regulatory fee mechanism.
- b) the importance of effective engagement and transparent communications with Fnlity and relevant stakeholders, including the Bank of England.

<b>Decision:</b>	<b>The Board approved the proposed approach to regulating the Fnlity Sterling Payment System from day one between August and October 2023, as set out in the paper</b>
<b>Decision:</b>	<b>The Board approved the proposed approach to engaging with relevant stakeholders including wholesale users, regulators and Fnlity, as set out in the paper</b>

## **7 PSR Panel Report**

- 7.1 The Board noted the PSR Panel report from its meeting held on 19 October 2022.

## **8 Matters reserved to the Board**

### Decisions of the Board

- 8.1 The Board reviewed the minutes of its meeting held on 21 September 2022 and agreed minor amendments.
- 8.2 The Board was briefed on the progress made against the actions agreed at previous meetings and agreed minor amendments.
- 8.3 The Board considered proposals regarding appointment and reappointments to the Competition Decisions Committee (CDC) and Enforcement Decisions Committee (EDC).

### Papers for noting

- 8.4 The Board noted:
- a) the following decisions taken by written procedure since the last Board meeting:
- i. PSR Panel membership:
- Re-appointment of Natasha De Teran, for a term of three years, with effect from 1 October 2022
  - Re-appointment of Robin Abrams, for a term of two years, with effect from 1 October 2022
- b) minutes of the ExCo meetings held on 30 August 2022 and 27 September 2022
- c) the draft agenda for the PSR Board meeting on 16 January 2023 and agreed various amendments.

<b>Decision:</b>	<b>The Board approved the minutes of the meeting held on 21 September 2022, subject to minor amendments.</b>
<b>Decision</b>	<b>In relation to the action log, the Board approved:</b> <ul style="list-style-type: none"> <li>• <b>deadline extensions for #61, #62, #63</b></li> </ul>

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	<ul style="list-style-type: none"> <li>the closure of #3, #15, #38, #47, #55, #57, #58, #64, #65, #66, #67</li> </ul>
<b>Decision</b>	<p>The Board approved the following in relation to the membership of the Competition Decisions Committee (CDC):</p> <ul style="list-style-type: none"> <li>extension of the existing term of Philip Marsden, for a term of two years, with effect from 31 July 2023</li> </ul>
<b>Decision</b>	<p>The Board approved the following in relation to the membership of the Enforcement Decisions Committee (EDC) and Competition Decisions Committee (CDC):</p> <p><b>EDC</b></p> <ul style="list-style-type: none"> <li>extension of the existing term of Tim Parkes, for a further term of one year, with effect from 31 December 2022</li> <li>extension of the existing term of Elizabeth France, for a further term of 6 months, with effect from 31 December 2022</li> <li>re-appointment of Kevin Brown and Caroline Ramsay, for a term of three years, with effect from 31 December 2022.</li> </ul> <p><b>EDC &amp; CDC</b></p> <ul style="list-style-type: none"> <li>extension of the existing term of Philip Marsden, for a term of two years, with effect from 31 July 2023</li> </ul>
<b>Decision</b>	<p>The Board agreed that the terms of any individual Enforcement Decisions Committee (EDC) and Competition Decisions Committee (CDC) members due to step down may be extended, where any of their cases continue beyond those end dates.</p>

## 9 AOB

### 9.1 Board effectiveness review

- The Board was briefed on the outputs from the recent round of interviews conducted by the Senior Independent Director (SID) with individual Board members and members of the executive in relation to the Board's effectiveness.
- The outputs had identified several common themes which would be considered further by the Chair and SID to develop a series of recommendations for wider Board consideration in January 2023.

### 9.2 With no further business to discuss, the Chair closed the meeting.

**Aidene Walsh**

Chair

## Annex A: Attendees

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**Attending all, or substantially all, of the meeting:**

Kate Fitzgerald	Head of Policy
Natalie Timan	Head of Strategy Analysis and Monitoring
Kim Turner	Private Secretary to the Managing Director
Sarah Day	Company Secretary

**Attending for the following items:**

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| <b>4</b> | Anita Kelly-Metelewa | Senior Manager, Operations, Risk and Project Management Office |
|          | Danielle Banaszak    | Manager, Regulatory, Operations PMO Risk                       |
| <b>5</b> | Maria-Jose Barbero   | Senior Manager, Regulatory Policy                              |
|          | Anita Kelly-Metelewa | Senior Manager, Operations, Risk and Project Management Office |
|          | Janet Duggan         | Manager, Legal   |
| <b>6</b> | Maria-Jose Barbero   | Senior Manager, Regulatory Policy                              |
|          | Tom Kiedrowski       | Senior Associate, Regulatory Policy                            |
|          | Nick Davey           | Technical Specialist, Regulatory                               |