

The Payment Systems Regulator Ltd

Meeting: PSR Extraordinary Board

Time & date of Meeting: 12.00 on 18 October 2024

Venue: Teams & Board Room 2.38

Members Present: Aidene Walsh Joanna Whittington
Lara Stoimenova Tommaso Valletti
David Geale

Apologies: Edward Knapp
Sheldon Mills
Andrew Buckley (recused)

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 The Board noted that input had been sought from Mr Knapp and Mr Mills, who could not attend the meeting, and that their respective views would be fed back as part of the Board's discussion.
- 1.3 It was noted that Andrew Buckley had recused himself from the discussion and decision making associated with the item as agreed with the Chair. Mr Buckley had also not received any of the accompanying papers.
- 1.4 No further interests in the items to be discussed were declared.

2 Cross-border interchange fees - Interim remedy

- 2.1 The Board was joined by Richard Knox, Director of Financial Services (International) at HM Treasury.
 - 2.2 Mr Knox provided context around the financial services relationship between the UK and EU. This included the importance of the trading relationship in terms of financial services and the Government's maturing relationship with the EU.
 - 2.3 The Board thanked Mr Knox for attending. Mr Knox left the meeting.
 - 2.4 The Board received a recap on the Cross-border interchange fee (XBIF) work to date. This included the delay to publication of the Final Report and Remedies Consultation, approved at the 15 May 2024 meeting, as a result of the calling of the General Election. In addition, further
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assurance had been sought by the Board at its 18 September 2024 meeting in relation to the recent additional representations, having regard to the scale and nature of representations overall.

- 2.5 In respect of the remedy options presented, the Board considered the following:
- a) representations received from domestic and EU stakeholders
 - b) current levels of relevant fees;
 - c) rationale for the consulted-on intervention as set out in the interim report;
 - d) potential impact of reintroducing former interchange fees levels on issuers in both the UK and European Economic Area;
 - e) potential implications of the UK's membership of the Single Euro Payments Area;
 - f) Stakeholder feedback on potential unintended consequences for wider EU/UK trade;
 - g) potential implications for other PSR workstreams.
- 2.6 The Board recognised the range of complex issues at play, including the mixed stakeholder feedback, and therefore the finely balanced nature of the decision required.
- 2.7 In considering how to proceed, the Board discussed:
- a) rationale for further consultation to allow for any additional evidence to be submitted;
 - b) options relating to the positioning and content of the consultation to support the development of a robust evidence base;
 - c) relative timelines, acknowledging the delays to date, and the Board's strong steer to progress as quickly as practicable, with a strong aim to publish by end December;
 - d) relative risks.
- 2.8 Mr Valletti expressed concern in relation to the potential for further delay which would allow the harm identified to persist for longer, citing the importance of the XBIFs work, the evidence relating to merchant harm, and the significance to the UK economy.

Decision	The Board approved, by majority decision, conducting a further consultation to enable a final decision on the Cross-border interchange fees interim remedy to be made. The consultation should consider a range of options for an interim cap
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	including the pre-Brexit level, current 'Rest of World' rates and a mid-range alternative.
Decision	The Board delegated authority to the Managing Director and Head of Policy to sign off the Final Report.
Decision	The Board delegated authority to the Managing Director, with support from the Head of Policy, to progress and sign-off the consultation.

- 2.9 The Board noted that the decision to conduct a further consultation was not supported by Mr Valletti. Mr Valletti confirmed that he had reviewed a draft of the Final Report following the May Board meeting.

3 AOB

- 3.1 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
Dan Moore	Head of Strategy Analysis and Monitoring
Alex Olive	General Counsel
Oliver Hanmer	Head of Supervision & Compliance Monitoring
Natalie Golding	Chief Operating Officer
Kim Turner	Private Secretary to the Managing Director
Sarah Day	Company Secretary

Attending for the following item:

Item 2 – Cross - border interchange fees - Interim remedy	Anthony Pygram – Senior Manager Pietro Menis – Senior Manager Fiammetta Gordon – Senior Manager External Attendee: Richard Knox, HMT (joined for first 20 minutes)
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