

# The Payment Systems Regulator Ltd

## Minutes

Meeting: PSR Board  
Time & date of Meeting: 10.00 on 16 March 2022  
Venue: Hybrid meeting Room 2.30 & 2.32

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Present: Charles Randell (Chair) Faith Reynolds  
David Geale Tommaso Valletti  
Chris Hemsley Aidene Walsh  
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 No 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, including:
  - a) the PSR's involvement in regulatory activity following Russia's invasion of Ukraine, including through the cross-authority response framework.
  - b) an update on the Access to Cash project. The Board noted the importance of there being clarity on the limitations of the PSR's remit and ability to address the societal implications of increased bank branch closures.
  - c) an update on the Card Fees work.

### 3 FCA Update

- 3.1 Mr Geale briefed the Board on the business of the FCA that was of relevance to the PSR. Items noted included:
  - the implementation of Strong Customer Authentication for e-commerce transactions, which had taken place that week.
  - a warning issued to operators of cryptoasset ATM machines

### 4 PSR Panel report

- 4.1 The Board welcomed the PSR Panel Chair to the meeting and noted the report from the Panel's January meeting, which had been attended by one of the Board members. The Board was keen to explore further how its engagement with the Panel could be most effective.
  - 4.2 The Board asked the Executive to consider how the Panel might be involved in the upcoming Board strategy day.
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## 5 Digital Payments Initiative – emerging recommendations followed by Board Discussion.

- 5.1 The PSR Panel Chair took the Board through the emerging recommendations arising from the Digital Payments Initiative, which were a mixture of practical and technical solutions to address the barriers to the take-up of digital payments. The Board noted that the full report was in the process of finalisation and publication was likely to take place in April/May.
- 5.2 The Board asked what industry lessons could be learned from work on the delivery of the standard for Request to Pay and its limited adoption. It discussed what more was required to ensure people were able to make best use of digital payments, given the costs of living crisis.
- 5.3 The Board thanked the Panel for its work and the Panel Chair left the meeting. There then followed a Board discussion on the emerging recommendations and the PSR's planned next steps following publication of the report.
- 5.4 The Board discussed the potential role of digital payment services, including in the context of the challenges experienced by some lower income families in the current cost of living crisis. The PSR was encouraged to work through the Panel's recommendations and identify solutions within its remit that could be taken forward quickly; there was also an acknowledgment that some areas fell outside the PSR's remit or would take some time to effect change.

## 6 Risk Management Framework

- 6.1 The Board was updated on the progress of work to refresh the PSR's Risk Management Framework, including completion of the outstanding Internal Audit actions.
- 6.2 The Board provided feedback on the Risk Management Framework and the updated risk documents that were to be included in the Managing Directors' report for every meeting. The Board asked for a further update on the completion of the Framework and its implementation plan at the next meeting, together with details of the extent to which it differed from the FCA's approach.
- 6.3 The Board agreed that until the Risk Management Framework had been fully embedded, risk should be scheduled more frequently on the Board's agenda. The Board suggested that it would be helpful for information updates to be provided at every meeting and deep dive discussions on risk to take place periodically throughout the year. The Board also requested that the Executive undertake risk horizon scanning on a regular basis going forward.
- 6.4 The Board discussed the role of the FCA Audit Committee and asked that consideration be given to how the PSR could engage more effectively with the committee. The Board recognised that there were areas of shared FCA/PSR risk and noted that it would be helpful to discuss further at a future meeting how the identification and assessment of these shared risks could be brought together.

<b>Decision:</b>	<b>The Board agreed that risk should be scheduled more frequently on the Board's agenda, with information updates provided at each meeting and deep dives on risk to take place periodically throughout each year.</b>
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## 7 Updating our Employee Value Proposition

- 7.1 The Board noted the proposal to update the PSR's Employee Value Proposition.
- 7.2 The Board discussed the proposal in detail and agreed that further information and analysis was required before a decision could be made.

<b>Decision:</b>	<b>The Board agreed that further information and analysis was required before a decision could be made on the proposal.</b>
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## **8 PSR Annual Plan & budget 2022-23**

- 8.1 The Board was presented with the updated PSR Annual Plan and Budget document for approval for publication at the end of March.
- 8.2 The Board noted that the PSR was awaiting comments on the document from the Treasury and that the comments provided by Board members in advance of the meeting were being considered. The Board provided additional feedback on the document, including on the tone and wording of certain sections and the need to reference more clearly that unpredictable external events or developments could impact on the Annual Plan.
- 8.3 The Board approved the Annual Plan for publication on 29 March and agreed to delegate approval of the final edits and design of the document to the Chairman and Managing Director.

<b>Decision:</b>	<b>The Board approved the Annual Plan for publication on 29 March 2022, subject to some minor drafting comments.</b>
<b>Decision:</b>	<b>The Board agreed to delegate approval of the final edits and design of the Annual Plan to the Chairman and Managing Director.</b>

## **9 New Payments Architecture –Pay.UK assurance on readiness to proceed with NPA tender**

- 9.1 The Board considered the assurance Pay.UK had provided on aspects of the New Payments Architecture (NPA) programme in advance of proceeding with the tender for the NPA central infrastructure services.
- 9.2 The Board was updated on the progress that had been made by Pay.UK since the last Board update, noting the improvements made and that the PSR was reasonably confident that Pay.UK had provided sufficient assurance.
- 9.3 The Board asked for further information on the development of Pay.UK’s business case for the central infrastructure services, commenting that this was important to secure the industry’s support. The Board noted that the business case was in the process of being drafted. The Board also queried the sequence of events following completion of the business case and asked for further information on the responsibility for the costs of the tender process so far.
- 9.4 The Board further requested to receive appropriate assurance from the PSR on the level of due diligence conducted on the Pay.UK tender details.

## **10 Securing regulatory oversight of open banking payments via designation of it as a payment system**

- 10.1 The Board was asked to agree to the PSR pursuing designation by HM Treasury of open banking payments as a payment system under FSBRA<sup>1</sup>.
- 10.2 The Board noted that the PSR had engaged with the FCA on the proposal and queried the impact of a designation on the FCA and its open banking work.
- 10.3 The Board noted that the alternative to designation was the passing of primary legislation, which would also be effective in securing regulatory oversight of open banking payments,

<sup>1</sup> Financial Services (Banking Reform) Act 2013

but which could take a number of years. Designation was therefore considered to be the preferred approach.

- 10.4 The Board agreed to the PSR pursuing designation of open banking payments as a payment system under FSBRA and further agreed to delegate to ExCo the PSR's response to any future HMT consultation on designating open banking payments as a payment system under FSBRA.

<b>Decision:</b>	<b>The Board agreed that the PSR should pursue designation by HM Treasury of open banking payments as a payment system under FSBRA</b>
<b>Decision:</b>	<b>The Board agreed to delegate to ExCo the PSR's response to any future HMT consultation on designating open banking payments as a payment system under FSBRA.</b>

## **11 Minutes and matters arising**

- 11.1 The Board approved the minutes of the Board meeting held on 19 January 2022.

- 11.2 The Board **noted**:

- a) the progress of the actions from previous meetings
- b) the decisions made by written procedure since the last Board meeting
- c) the draft agenda for the PSR Board meeting on 18 May 2022.

<b>Decision:</b>	<b>The Board approved the minutes of the Board meeting held on 19 January 2022.</b>
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## **12 AOB**

- 12.1 The Board noted that this was the last meeting to be chaired by Mr Randell and thanked him for his work and dedication to the PSR Board.
- 12.2 The Board further noted that this was Mr Pearce's last meeting as PSR Company Secretary and thanked him for his work and support.

**Charles Randell**  
Chair

**Annex A: Attendees****Attending all, or substantially all, of the meeting:**

Carole Begent	General Counsel & Head of Regulatory & Competition Enforcement
Genevieve Marjoribanks	Head of Policy
Natalie Timan	Head of Strategy Analysis and Monitoring
Simon Pearce	Company Secretary
Ian Runacres	Private Secretary to the Chairman
Kim Turner	Private Secretary to the Managing Director

**Attending for the following items:**

<b>4</b>	Ruth Wandhofer	PSR Panel Chair
	John Mowat	Manager, Regulatory Policy and Strategy
	Andrew Self	Manager, Regulatory Policy and Strategy
<b>5</b>	Ruth Wandhofer	PSR Panel Chair
	John Mowat	Manager, Regulatory Policy and Strategy
	Andrew Self	Manager, Regulatory Policy and Strategy
<b>6</b>	Louise Buckley	Chief Operating Officer
	Anita Kelly-Metelewa	Manager, Operations, Risk and Project Management Office
<b>7</b>	Diane Pinto	Manager, Operations, Risk and Project Management Office
<b>8</b>	Anita Kelly-Metelewa	Manager, Operations, Risk and Project Management Office
	Danielle Banaszak	Manager, Operations, Risk and Project Management Office
<b>9</b>	Kate Fitzgerald	Senior Advisor
<b>10</b>	John Mowat	Manager, Regulatory Policy and Strategy
	Andrew Self	Manager, Regulatory Policy and Strategy

Other relevant Associates were also in attendance.