

The Payment Systems Regulator Ltd

Minutes

Meeting: PSR Board
Time & date of Meeting: 17 September 2018
Venue: Crowne Plaza London King's Cross, 1 King's Cross Rd, London WC1X 9HX

Present: Andrew Bailey (from item 11)
Carole Begent
Amelia Fletcher
Noel Gordon
Hannah Nixon
Charles Randell (Chair)
Simon Ricketts
Christopher Woolard

In attendance: Set out in Annex A

Apologies: None

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 Minutes of the meetings held on 27 June and 12 July 2018

- 2.1 Subject to minor amendment the minutes of the Board meetings held on 27 June and 12 July 2018 were **approved**.

3 Matters Arising

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

4 Committee reports: none

5 PSR Panel update

- 5.1 In considering the report the Board **noted** the following:
 - Authorised Push Payment (app) scams: whilst the work in this area was welcomed confirmation of payee was not considered to be a complete solution.
 - Data: the wide range of views surrounding the use of data and the inevitable need to balance effective convenience and lack of friction with user safety.

- Brexit: the general desire for clarity and guidance regarding potential outcomes of Brexit negotiations whilst recognising the broader range of regulatory issues firms are contending with.

6 Report from the Managing Director

6.1 In considering the report the Board **noted** the following:

- Building the organisation.
- Relocation: the organisation was now fully relocated to 12 Endeavour Square and embedding well.

7 Update on LINK, ATMs and access to cash

7.1 This issue was noted to be a top organisational priority.

7.2 In considering the report the Board **noted** the following:

- there was a lack of clarity from LINK regarding its commitment.
- Its most recent report had identified the closure of a number of protected ATMs.
- the PSR's proposal to make a Specific Direction addressed to LINK with a view to ensuring:
 - i. LINK develops and adopts well-defined policies and measures in connection with its commitment
 - ii. Reporting requirements are placed on LINK regarding its commitment

7.3 The Board recognised this to be an evolving situation. It was noted that LINK's next report was due before the next Board meeting and that this was likely to report the closure of additional protected ATMs.

7.4 There was also a longer-term question of access to cash involving social policy issues outside the remit of the PSR. This longer-term issue was not for consideration by the PSR alone and the PSR was seeking to engage other stakeholders including the Treasury Select Committee (TSC), HMT and the banks.

8 Update on the New Payment System Operator (NPSO)'s progress with its establishment and New Payments Architecture (NPA) development

8.1 In considering the report the Board **noted** the following:

- the NPSO's progress in establishing itself and the key areas outstanding.
- the NPSO's revised approach to the procurement of the NPA central infrastructure. A 4-stage competitive process is due to commence from January 2019 (possibly earlier).
- the Bank of England has stipulated a multi-stage non-objection process
- the PSR's approach to monitoring the outcomes regarding the delivery of the NPA
- the importance of effective and objective evaluation criteria

8.2 Regular updates would continue to be submitted to the Board throughout the next 12 months, including to its next meeting.

9 Update on the contingent reimbursement model (CRM)

9.1 In considering the report the Board **noted** the following outstanding issues:

- how the cost of the residual risk is met and the reluctance of some banks to support the concept of residual risk reimbursement until a funding model is agreed. The September steering group would explore the funding model for residual risk reimbursement further.
- when the full code should take effect with the Financial Ombudsman Service indicating it would recognise the Code as good industry practice from the date of publication.
- how to evidence whether the consumer has met the requisite level of care and the importance of supporting communications to ensure that consumers understand what is expected of them.

9.2 The Board **endorsed**:

- the proposed approach to responding to the Steering Group's interim code
- the proposed approach to ensuring the timely implementation of confirmation of payee

9.3 Regular updates would continue to be submitted to the Board.

10 Review of the 2015 Directions

10.1 It was noted that an initial consultation re: options for reform of seven Financial Service (Banking Reform) Act (FSBRA) Directions adopted in 2015 had been initiated in March 2018. The responses revealed that stakeholders were broadly supportive of these Directions and agreed that they have improved outcomes for consumers.

10.2 The Board **approved** the following;

- the proposed policy changes to the 2015 Directions
- to publish a policy statement setting out the proposed decision to make these changes to the Directions and to consult for the purpose of seeking views on the detailed drafting of the proposed Directions
- to delegate authority to Matthew Cherry to sign-off publication of the policy statement and consultation on the revisions to the Directions.

10.3 The outcomes of the follow up consultation and the proposed changes to the day one Directions would be submitted to the Board in early 2019 for approval.

11 Papers for noting

11.1 The following papers were **noted**:

- Memorandum of Understanding (MoU) between authorities with competency for Article 7(1)(a) of the Interchange Fee Regulation (IFR)
- Draft agenda for the meeting on 22 November 2018: subject to the addition of any further items discussed during the meeting.
- Forward agenda 2019: subject to the addition of any further items discussed during the meeting.

PSR Controlled Distribution

- ExCo minutes

12 Any other business

- 12.1 Competition Decisions Committee/Enforcement Decisions Committee re-appointment: it was noted that Chris Cummings' term of office had expired on 29 July 2018 and that the Chair had written to thank him for his service.
- 12.2 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:

Louise Buckley	Chief Operating Officer
Matthew Cherry	Head of Department, Regulatory Strategy & Policy
Sarah Day	Assistant Company Secretary (FCA)
Simon Pearce	Company Secretary
Ian Runacres	Private Secretary to the Chair

Attending for the following items:

11	Janet Duggan	Manager, PSR Legal
	John Mowat	Manager, PSR Policy
13	Janet Duggan	Manager, PSR Legal
14	Janet Duggan	Manager, PSR Legal
	John Mowat	Manager, PSR Policy