

Minutes | DRAFT for SIGN OFF

Meeting: Payments Strategy Forum

Date / Time: 30th January 2017 | 10.00 am to 1.00 pm

Ai.0 Welcomes; objectives; apologies; conflicts of interest

- The Chair opened the meeting by welcoming the following new Members:
 - Paul Horlock, Nationwide, who will act as a co-ordination point between the Forum and the API Implementation Entity
 - Tony Shaw, Tesco and the British Retail Consortium.
- The Chair noted that the objectives of the meeting were to:
 - Discuss and agree the proposal from the 3rd Party contractors
 - Agree the funding approach from April to December 2018
 - Receive an update from the New Payments Architecture Design Hub and Financial Crime Working Group.

Ai.1 Minutes and Actions

- The November 2016 Forum minutes were agreed without comment.
- The December 2016 Forum minutes were agreed without comment.
- The Forum Secretariat advised that all actions from the December Forum meeting had been closed or were on the agenda.
- The PSR provided an update on the IPR action. Dora Guzeleva advised that it is the preliminary view of the PSR that, as the Forum is committed to publish all key documents and consult in July, IPR is unlikely to be generated in the short term. However, the PSR would expect any contract with the 3rd party contractor to reasonably deal with IPR, specifically that the contractor or another party will not own any of the IPR that may be generated during the contract. Dora Guzeleva advised that the PSR was still exploring what IPR, if any, would be transferred to the NPSO.

ACTION: Russell Saunders to ensure that any 3rd party contract makes the necessary contractual provisions, ensuring that the contractor or another party will not own any of the IPR that may be generated during the contract

Ai.2 Resourcing and Funding

- Russell Saunders provided an update on the EY bid and the resourcing and funding model.

EY bid:

- Russell Saunders advised the Forum that EY was interviewed on by a panel of Forum members. The panel recommended to the Forum that EY be selected. This recommendation was approved subject to the following:
 - EY to provide an updated “statement of requirements” clearly detailing its role and how it plans to address the request from the Forum that it provides the right balance of PMO and technical skills
 - That EY is advised that it remains accountable to the Forum for successful delivery

ACTION: Russell Saunders to engage with EY and ask it to provide an updated “statement of requirements”

Funding model:

- Russell Saunders summarised the recommended funding model:
 - A payment from the members of Payments UK which would:
 - fund the Forum activities (i.e. contracts, that the Forum commissions to undertake work on its behalf).
 - be transferred to the New Payments Systems Operator (NPSO) by the end of 2017. The NPSO would then, from 2018 onwards, re-fund the original funders.
- Russell Saunders advised that the model was both practicable and equitable and would achieve the following aims:
 - A sustainable funding model for the Forum in 2017 by drawing on the wider Payments UK membership.
 - Immediate mobilising of EY as the 3rd party contractor with right balance of PMO and technical skills.
 - Leveraging of Payments UK Standards, Design and Execution skills in support of the Forum.
 - Payments UK will be the contracting entity.
- The Forum thanked Russell Saunders for this proposal and agreed in principle that Payments UK should act as the contracting / funding entity on behalf of the Forum and provide dedicated resource to support its work. However, the Forum expressed strong reservations regarding the potential for conflicts of interest inherent in this dual role. To that end, the Chair asked for a ‘memorandum of understanding’ that clearly captures the relationships between the Forum; EY and Payments UK. The Forum stressed that any new arrangement would not give Payments UK, its Board or Members any oversight or ownership of the Forums work. Russell Saunders advised this was understood within Payments UK.
- The Forum noted Payments UK’s suggestion that its Design and Delivery Unit be transitioned into the NPSO and that the NPSO should refund the original funders. The Chair advised that

the Forum did not have the authority to make this decision and would expect these discussions to take place at the PSO Delivery Group (PSODG). Russell Saunders agreed with this.

ACTION: The Forum Secretariat to produce a “ways of working” document that articulates at a high level the roles and responsibilities of the Forum; EY and Payments UK

ACTION: Russell Saunders to engage with EY and Payments UK so they (a) fully understand the concerns of the Forum and (b) that an effective working relationship is established between the two organisations.

Ai.3 NPA Design Hub

- Phillip McHugh and Otto Benz provided an update from the NPA Design Hub
- Otto Benz presented the Hub’s analysis of the interdependencies between the work of the Forum, the creation of the NPSO and the PSR’s proposed Infrastructure Market Review remedies. The Forum was advised that this analysis clearly demonstrated the need for the Forum to complete its work by end 2017, ready for handover to the NPSO.
- Philip McHugh confirmed that the engagement of stakeholders was critical to the work and advised that the Hub anticipated that around 20-30 roles were available with a range of skills / expertise within the work streams, and that they were still trying to find a way for multiple stakeholders to be involved. Sian Williams reiterated that smaller groups of ‘experts’ from the Payments Community would be invited to ‘sense check’ the work and that work from existing industry initiatives would be included.
- The Bank of England commented that ensuring that the PSOs were fully engaged was important way to ensure stability during the transition. They also noted that the group should monitor the RTGS review closely so that they did not miss an opportunity to contribute. The PSR supported this.

Ai.4 Financial Crime, Security and Data

- Russell Saunders provided an update on the activities of the Financial Crime Working Group. Russell Saunders advised that a stakeholder session was being held on 01st February and that would act as the kick-off for the detailed work.
- Philip McHugh advised that it could be necessary to engage at CEO level with the large banks to progress these solutions and ensure collaboration. Other Forum Members agreed.
- Thaer Sabri registered his concerns that it remained unclear to him what exactly ‘KYC Data Sharing’ would entail, asking if this would mean banks issuing credentials. He also asked what the Identity Verification Authentication Solution would add to on-going industry work by the Joint Money Laundering Steering Group (JMLSG). It was agreed that Russell Saunders and Neil Lover would discuss these with him off-line
- Carl Pheasey noted that the Home Office has launched a new initiative of financial crime and so there were communications considerations to be made to ensure a joined-up message was heard by consumers.

- The Chair thanked the Chairs for their updates and acknowledged that January had focused on planning. The Chair stressed the need for work to begin in earnest post the meeting and the need to ensure appropriate engagement with the Payments Community.

ACTION: Russell Saunders and Neil Lover to discuss Thae Sabri's concerns and report back to the March Forum on progress made.

Ai.5 PSO Delivery Group

- Rob Stansbury independent Chair of the PSODG, updated the Forum on the work of the PSODG to date. This included an overview of the strategic objectives of the NPSO.
- The Forum was keen for the NPSO to differentiate itself from the existing PSOs through better mechanisms for the voice of end-users to be heard. Rob Stansbury confirmed that the PSODG was looking at possible governance structures to ensure end-user needs were addressed on a continuous basis. To support this Carl Pheasey suggested that the Forum's 'financial capability principles' be handed over to the NPSO.
- Thae Sabri raised concerns that there was no involvement for the e-money sector in the current governance arrangements. Rob Stansbury confirmed that while the Board has primacy over decision-making, it would be accountable to a broad range of stakeholders.
- Philip McHugh advised that the NPSO would need the organisational capacity to implement the blueprint that the Forum was producing – including technical expertise on managing open source standards once the handover was complete. Rob Stansbury acknowledged this.
- The Chair thanked Rob Stansbury for his update and proposed that he should provide a further update at the March meeting. In addition to this the PSR reminded the Forum that three of its Members were represented on the PSO DG and it was their role to consult with other members and provide feedback to the PSO DG.

ACTION: Forum Secretariat to share the Forum's financial capability principles with the PSO DG

ACTION: Forum Secretariat to liaise with Rob Stansbury ahead of the 01st March meeting

Ai.6 Interbank System Operators Co-Ordination Committee (ISOCC)

- This item was not discussed due to lack of time and it was deferred to the next meeting

Ai.7 AOB

- Philip McHugh advised he would be stepping down from the Forum at the end of March as he was leaving Barclaycard and discussions were ongoing to find potential replacements. The Chair and the Forum thanked him for all his work to date.
- The Chair advised that the May 23rd meeting is changing to 6th June and that a provisional meeting will be scheduled for 22nd / 23rd June.

ACTION: Forum Secretariat to reschedule the 23rd May meeting to 6th June and set-up a provision meeting for the 22nd / 23rd June.

ANNEX 1 – Attendance List

Apologies:

Faith Reynolds, Member, Financial Services Consumer Panel
Katherine Horrell – Group Treasurer, Centrica

Attending:

Members

Ruth Evans - Chair, Payments Strategy Forum
Alan Smith – Head of Payments and Banking Services, Post Office
Becky Clements – Head of Payment Operations, Metro Bank
Brendan Peilow - Crown Representative (Banking and Payments), Cabinet Office
Carlos Sanchez – CEO, Orwell Group
Carl Pheasey – Head of Policy, Money Advice Service
Hamish MacLeod – Chair, Mobile Broadband Group
James Emmett – Chief Operating Officer, HSBC (*from Ai. 4 onwards only*)
Marion King – Group Director of Payments, RBS
Mark Lyonette – Chief Executive, Cornerstone Mutual Services
Michael Maier – Chief Operating Officer, Fidor Bank
Mike Smith – Commercial Director, Raphaels Bank
Neil Lover – Head of Payments and Financial Crime, Coventry Building Society
Otto Benz – Director, Strategic Payments, Virgin Money
Paul Horlock – Head of Payments, Nationwide
Philip McHugh – Chief Executive, Barclaycard Business Solutions
Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group
Ruth Wandhofer – Global Head for Regulatory and Market Strategy, Citi Bank
Sian Williams – Head of Financial Inclusion, Toynbee Hall
Thaer Sabri – Chief Executive, Electronic Money Association

Observers

Justin Jacobs, Bank of England
Nilixia Devluxia, Financial Conduct Authority
Dora Guzeleva, Payment Systems Regulator
Paul Smith, Payment Systems Regulator

Working Group Support

Andrew Ducker, Lloyds Banking Group
Sailesh Panchal, Lloyds Banking Group

Secretariat

David McPhee
Michaela Costello

PSO Delivery Group (Ai 5 only)

Rob Stansbury, Chair, PSODG
Sam Cope, PSR