

The Payment Systems Regulator Ltd

Minutes

Meeting: PSR Board

Time & date of Meeting: 10.00 on 18 May 2022

Venue: Hybrid meeting Room 1.16/1.23

Present: Aidene Walsh Charles Randell
David Geale Faith Reynolds
Chris Hemsley Tommaso Valletti (until item 7)
Simon Ricketts

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 No interests in the items to be discussed were declared.

2 Appointment of the PSR Company Secretary

- 2.1 The Board was briefed on proposals regarding the succession of Simon Pearce, as the PSR's Company Secretary. The Board was supportive of the recommendation to appoint Sarah Day with immediate effect.

Decision:	The Board approved the appointment of Sarah Day, as the registered Company Secretary of the PSR, with immediate effect.
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3 Managing Director's report

- 3.1 The Board was briefed on a number of topical issues, including:
 - i. the announcements in the Queen's speech, on 10 May 2022, as relevant to the PSR
 - ii. possible development of the PSR's fee model and preparations for the annual fee consultation
 - iii. engagement with UK Finance regarding the quality of fraud reporting

4 Follow up on the actions from the strategy day

- 4.1 The Board was briefed on the proposed actions and points for reflection in follow up to the strategy day, held on 26 April 2022. The Board was supportive of the proposals and welcomed a progress update at its November meeting.
- 4.2 The Board was also briefed on the findings from the review of the PSR's approach to stakeholder engagement, including existing successes and proposed actions to address potential gaps. The Board was supportive of the proposals and discussed the importance of activities being clearly aligned to the PSR's strategic priorities and accessible by the full range of stakeholder groups. The Board also considered how network building can be incorporated in to the PSR's approach to talent development.
- 4.3 The absence of reported MI on the use of cheques was also noted.

5 FCA payments update

- 5.1 The Board was briefed on the work of the FCA, as relevant to the PSR, including:
 - a) the success of the recent Crypto sprint, plans for a future event and ongoing engagement with the sector
 - b) the scoping of work re: firms' systems and controls in relation to APP scams within retail banking, noting the engagement between the respective FCA & PSR teams
 - c) work exploring the impact of the cost-of-living crisis on payments
- 5.2 The Board was keen to understand how the FCA and PSR's visions for payments would be developed and how the organisations would coordinate their respective workplans.

6 Risk Management Framework

- 6.1 The Board was briefed on the updated Risk Management Framework (RMF), Risk Appetite Statement and accompanying implementation plan, including those areas where the proposed approach differs from historical practice. The RMF was acknowledged to be a "living document" that would be continually developed in line with the strategy to ensure the ongoing management of risk and seizing of opportunities. It was also noted that the Risk Appetite Statement sought to set clear boundaries to empower staff to operate within agreed tolerances.
 - 6.2 The Board was supportive of the approach and discussed the following:
 - a) the benefits of regular risk reporting including a summary of the lower priority risks not captured in the heatmap
 - b) that legal risk appetite be explicit about the outcomes that are and are not acceptable, including the use of litigation e.g. to clarify the extent of the PSR's powers versus non compliance with process
 - c) that lines of accountability are clearly articulated
 - d) that the three lines of defence and responsibility descriptors be brought forward in the RMF as context for the remainder of the document. It was noted that publication of the
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RMF would be supported by staff training and the Board discussed the importance of this reinforcing the significance of first line accountability.

- e) how scenario planning/business continuity exercises were used to provide assurance and that reference to this be explicitly incorporated into the RMF.

7 Account-to account (A2A) update

- 7.1 The Board was briefed on the PSR's current approach to regulating open banking and the issues to be addressed to unlock A2A retail payments.
- 7.2 The central role of the PSR in the future regulation and the potential limitations of its current formal powers was recognised. In considering these issues, the Board discussed the following:
 - a) the competing commercial interests of participants
 - b) the growth of cards and its impact on the progression of A2A retail payments
 - c) the technical challenges associated with the introduction of A2A retail payments
 - d) the risks of inaction and the need to work at pace
- 7.3 The Board was supportive of the approach and requested that data re: the adoption of A2A by merchants be included in future updates.

8 Enforcement Decisions Committee (EDC) Chair's annual report

- 8.1 The Board was briefed on the operation and resourcing of the EDC during the year.
- 8.2 In considering the PSR's ongoing enforcement strategy, the Board discussed the following:
 - a) the successes of action taken in relation to Anti-competitive conduct in the prepaid card services sector and NatWest Group banks' non-compliance with the Interchange Fee Regulation
 - b) developing the PSR's monitoring activities
 - c) the relevance of compliance and deterrence in an enforcement strategy
 - d) the desirability of reviewing and updating the PSR Penalty Guidance
- 8.3 The Board thanked the Chair, EDC members and secretariat for their work during the year.

9 Committee reports

- 9.1 PSR Panel report
 - a) The Board considered the issues raised at the PSR Panel meeting held on 3 May 2022 and how engagement with the Panel could be optimised.
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9.2 AuditCo – 3 May 2022

- a) Simon Ricketts provided an update from the AuditCo meeting held on 3 May 2022, as relevant to the PSR, including on the data centre migration and Transformation Programme.

10 Items for noting

10.1 The Board noted the following:

- a) The ExCo minutes of the meetings held on 15 February and 15 March 2022.
- b) The draft Board agendas for the meeting to be held on 22 June and 13 July 2022.

11 Minutes, action log and other business

11.1 The Board reviewed the minutes of the meeting held on 16 March 2022 and agreed minor amendments.

The Board noted the progress of the actions agreed at previous meetings.

Decision:	Subject to minor amendment, the Board approved the minutes of the Board meeting held on 16 March 2022.
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12 AOB

12.1 The Board recognised the meeting to be the last for Charles Randell and Genevieve Marjoribanks. The Board thanked them both for their commitment and wished them well for the future.

Aidene Walsh
Chair

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

Carole Begent	General Counsel & Head of Regulatory & Competition Enforcement
Sarah Day	Company Secretary (appointed at the meeting)
Genevieve Marjoribanks	Head of Policy
Ian Runacres	Private Secretary to the Chairman
Natalie Timan	Head of Strategy Analysis and Monitoring
Kim Turner	Private Secretary to the Managing Director

Attending for the following items:

2	Miles Bake	Director, Corporate Governance Division
5	Andrew Self	Manager, Regulatory Policy and Strategy
6	Anita Kelly-Metelewa	Manager, Operations, Risk and Project Management Office
7	Nicole Coates	Technical Specialist, Regulatory Policy and Strategy
	John Mowat	Manager, Regulatory Policy and Strategy
	Andrew Self	Manager, Regulatory Policy and Strategy
8	Tim Parkes	Chair of the Enforcement Decisions Committee
	Mark Roberts	Manager, Decision Making Committee Secretariat
	Mathew Horne	Technical Specialist, Decision Making Committee Secretariat