

The Payment Systems Regulator Ltd

Minutes

Meeting: PSR Board
Time & date of Meeting: 14 March 2018
Venue: 25 The North Colonnade, Canary Wharf, London E14 5HS

Present: Andrew Bailey (from item 11)
Carole Begent
Bradley Fried
Amelia Fletcher
John Griffith-Jones (Chair)
Noel Gordon
Hannah Nixon
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 meeting held on 24 January 2018

- 2.1 The minutes of the Board meeting held on 24 January 2018 were **approved**.
- 2.2 It was noted that the minutes would be published along with the report of the 2017 Board effectiveness review and the Board's response to the review on or shortly after 15 March 2018.

3 Matters Arising

- 3.1 The progress in respect of matters arising from previous meetings was **noted**.
- 3.2 This included the written resolution passed on 19 February 2018 to correct the minutes of the Board meeting held on 13 September 2017 so that Payzone is described as a merchant acquirer and not a cash machine operator as previously stated.

4 Committee reports

- 4.1 Internal Audit Report of the FCA's readiness for the GDPR: the Board noted the findings of the FCA's review; of particular note were the points relating to the appointment of the Data Protection Officer (DPO).
- 4.2 The Board was subsequently informed that in November, following discussion with the FCA (the FCA supporting the PSR on GDPR matters) potential areas for further assessment had been identified. This led to the PSR and FCA jointly seeking legal advice in relation to any considerations arising as a result of the PSR's independently accountable subsidiary status.

- 4.3 While the intention was to leverage the resources of the FCA where possible the final recommendation regarding the appointment of the DPO would be submitted to the Board for approval.
- 4.4 The Board also acknowledged the importance of considering how GDPR impacted on the PSR's regulatory activities and how markets develop.
- 4.5 **Update on the Audit Committee meeting held on 7 March 2018:** The CRO provided a verbal update from the March 2018 AuditCo meeting.

5 Draft 2018/19 to 2020/21 Three year strategic PSR Internal Audit Plan

- 5.1 The three year strategic internal audit plan (the plan), which built on the previous plan, was based on a prioritisation of the current audit universe and PSR risks.
- 5.2 The plan was approved by AuditCo on 7 March 2018.
- 5.3 The Board was supportive of the increase from one to two PSR discrete reviews per year as appropriate. These would be supported by FCA reviews which included the work of the PSR within their scope where possible.
- 5.4 The Board **approved** the plan.

6 PSR Panel report

- 6.1 The Board **noted** the report from the PSR Panel.

7 Report from the Managing Director

- 7.1 In **considering** the report the Board **noted** the following updates.
 - 7.1.1 Work to develop a stronger strategic narrative to reflect the continually evolving role of the PSR was underway and the view of the Board would be sought as this thinking developed.
 - 7.1.2 The PSR sought to lead a piece of work to define the collective ambition and respective roles of the authorities operating in the payments space.
 - 7.1.3 The outcome of the consultation on the design and implementation of the contingent reimbursement model (CRM) had been published in February 2018. In addition the chair of the steering group established to develop the accompanying industry code had been appointed. The timetable for this work was noted to be ambitious. In parallel the PSR was liaising with the Financial Ombudsman Service (FOS) to ensure the necessary framework and resources were in place to deal with any resulting claims.
 - 7.1.4 The commitments made by LINK in its interchange decision were noted to have met the PSR's requirements. The PSR would continue to monitor the situation closely and would intervene if these commitments were not met.
 - 7.1.5 There continued to be high levels of engagement with stakeholders on access to ATMs and the Government's consultation on "*Cash and digital payments in the new economy*" was noted to have been published on 13 March 2018.
 - 7.1.6 The PSR's first antitrust investigation under the Competition Act 1998 (CA98) had been opened. The investigation involved inspections at several sites in the UK under warrant.
 - 7.1.7 The PSR had worked closely with the Competition Markets Authority (CMA) when preparing for the site visits, the CMA having the experience of such visits. The site visits involved teams made up of PSR, CMA and FCA staff. As anticipated by

the concurrency regime the CMA is available for support if or when needed as the PSR continues with its investigation.

7.1.8 The initial results from the recent employee survey were tabled and reported strong levels of engagement from staff. Whilst the overall scores were broadly similar to those from the previous year more detailed analysis would be conducted to understand the underlying trends. A more detailed report would be submitted to Board in May 2018.

7.1.9 The Board requested notification of forthcoming stakeholder events and suggested that thought be given to the strategic use of NEDs at such events.

8 Enforcement Decisions Committee Chair's Annual Report

8.1 The Board **noted** the annual report.

9 PSR Identity

9.1 The exercise sought to refresh the PSR's identity, following feedback from stakeholders and staff, to more accurately represent the evolved role of the PSR.

9.2 The importance of consumers, as well as participants, being able to identify with the PSR was recognised and it was confirmed that the new identity had been positively tested with a range of stakeholders representing the PSR's varied audiences.

9.3 The timing of the refresh had also been designed to ensure that costs would be coordinated with the Stratford move to minimise expenses.

9.4 The Board **supported** the implementation of the new identity to be launched with the annual plan.

10 Payment system resilience

10.1 The Board noted the initial outcomes from the scenario workshops. There had been good engagement from the respective authorities and the initial indications from the workshops did not suggest that the risks to consumers and service users could not be managed by the existing regulatory coverage.

10.2 The Board recognised the importance of coordinated communications, across the authorities, for cases outside of the regulatory perimeter.

10.3 The importance of considering resilience when implementing the New Payments Architecture was also noted.

11 Review of PSR Regulatory Fees Regime

11.1 The Board noted that the second (December) consultation had not raised any new issues not already considered.

11.2 The Board **approved** the following:

11.2.1 the fee allocation method proposed and consulted on in December 2017

11.2.2 the publication of the allocation decision in March 2018 and to implement the change for 2018/2019 fees

11.2.3 the change of approach to the minimum thresholds in the fees rules

11.2.4 the delegation of authority to Hannah Nixon (or one of her delegates) to:

- sign off the text of the March 2018 policy decision paper

- recommend to the FCA in summer 2018 the amendments to the FCA's rules on PSR fees reflecting the 2018/2019 budget and transaction figures
- sign off the text of the final decision paper in summer 2018, subject to any significant changes to the policy set out in this Board paper or any significant issues being raised in the consultation, in which case the Managing Director will bring the matter back to the Board.

11.3 The Board **noted** the decision to consult on changing the approach to refunding the underspend subject to consideration of the practicalities and implementation timetable.

12 Publication of Board minutes

12.1 The Board wished to preserve the opportunity to review minutes in person at the next meeting.

12.2 On this basis the Board **agreed** to publish its minutes within two weeks of them being approved at the next meeting.

12.3 The Board noted that a consultation on General Directions (GD), including GD6, had recently opened which presented an opportunity to revisit the equivalent guidance for firms.

13 PSR registered address change

13.1 The Board **approved** the registered change of address for the Payment Systems Regulator to 12 Endeavour Square, London E20 1JN with delegated authority to Louise Buckley to determine the appropriate date.

14 Papers for noting

14.1 **Proposed Memorandum of Understanding between EU Competent Authorities for Article 7(1)(a) of the Interchange Fee Regulation:** The report was noted.

14.2 **PSR ExCo minutes:** The minutes were noted.

14.3 **Draft May 2018 agenda:** The draft agenda was noted.

14.4 **Forward Agenda 2018:** The forward agenda, updated to include any additional items discussed during the meeting, was noted.

15 Any other business

15.1 With no further items of business to discuss the meeting **closed**.

John Griffith - Jones

PSR Chairman

Annex A: Attendees

Attending all, or substantially all, of the meeting:

Louise Buckley	Head of Department, Communications & Operations and Chief Risk Officer, PSR
Sarah Day	Assistant Company Secretary, FCA
Simon Pearce	Deputy Company Secretary, FCA
Charles Randell	Chair elect (with effect from 3 April 2018)
Paul Smith	Head of Department, Regulatory Strategy & Policy, PSR

Attending for the following items:

4&5	Lalitha Henry	Director, Internal Audit
8.2	Toby Parker	Manager, PSR
8.3	Ian Ellis	Technical Specialist, PSR
	Nick Davey	Technical Specialist, PSR
	Nicole Coates	Technical Specialist, PSR
8.4	Janet Duggan	Manager, PSR