

Minutes

Meeting:	PSR Board	
Date of Meeting:	13 November 2014	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Martin Wheatley
	Hannah Nixon	Chris Woolard
In attendance:	Set out in Annex A	

Quorum and Conflicts

The Meeting noted there was a quorum present and proceeded to business.

Members were asked to declare conflicts of interest at the start of any relevant items.

Sir Brian Pomeroy noted that he had been asked to be the President of the newly formed Financial Inclusion Commission. HM Treasury had approved the position. Sir Brian advised that the Chair of the Commission was acting as an advisor to the Chairman of HSBC and that MasterCard were providing some financial support but were not being permitted to influence the Committee's proceedings. The Board noted the appointment.

1 Minutes and Committee Updates

1.1 Minutes of the Board meeting

The minutes of the Board meeting held on 15 October 2014 were approved.

1.2 Matters arising

The Board noted progress in respect of matters arising from previous meetings.

Ms Johnson advised that she was liaising with Ms McDermott's team in FCA Enforcement in relation to the proposed decision-making process in respect of enforcement for compliance failures and that a paper would be submitted to the Board in due course.

2 Managing Director's Report

2.1 Hannah Nixon presented her report and the following points were noted:

- the key focus in recent weeks had been the development of the proposals for consultation.
- overall, the preparation for consultation was considered to have been successful. Going forward, consideration would be given to ways in which the process could be further improved; and

- the recent roundtable event on industry strategy had been a helpful positioning event. It provided an opportunity to highlight to interested parties that the PSR would be actively engaged in the strategy development and setting process in respect of payment systems.

3 Specific items of business

3.1 Approval of Full Business Case for PSR Programme

Mr Thomas introduced the paper and the following points were noted:

- the business case would be submitted to the FCA Board for approval at its meeting on 11 December;
- the overall aim was to deliver a fit for purpose payment systems regulator for Day One and beyond. Three primary considerations were that the PSR was well run and solvent in year one; that there was tangible evidence that payment systems participants were complying with the changes required by the PSR from Spring 2015 onwards; and that from Spring 2016 onwards, market monitoring demonstrated that the PSR's policies were influencing the emergence of a more effective payment systems sector;
- a target staff attrition rate of less than 10% per annum was proposed which would count those permanent people leaving the FCA rather than just those leaving the PSR. The Board noted, however, that it was important for the PSR to have and retain a workable team rather than focussing on a specific target;
- mechanisms were being put in place to ensure that knowledge was not lost as contractors left and permanent staff joined;
- it was also suggested that the business case should include measurement of the PSR's credibility in the industry. This would only be established through the work done by the regulator and not merely by its existence; and
- it was considered that the success measures for the PSR in respect of influencing a more effective payment systems sector should include the systems working well for service users.

Following discussion, it was agreed that proposals for success measures for the PSR's performance would be submitted to the Board for consideration at its meeting in March 2015. It was also agreed that these would be distinct from the FCA's success criteria in relation to setting up the PSR.

3.2 PSR Information Gateways

The Board considered the information provided on Gateways and the following points were noted:

- discussions were ongoing with the Bank of England to ensure that relevant information could freely be shared between the Bank and the PSR; Consideration would be given to whether any additional protections would be useful, and possible, for the PSR in respect of the disclosure of information;
- confidential information could be shared between the FCA and the PSR if this would help either party discharge its functions;
- care would be taken to ensure that files set up on the Livelink system used by the PSR were restricted as necessary and could only be accessed by appropriate members of staff to ensure functional separation. The general principle, however,

would be that policy matters could be discussed freely between the PSR and the FCA where possible; and

- the same approach as that used by the FCA in respect of security classifications would be adopted by the PSR and it was agreed that Ms Johnson would discuss the policy with Lesley Titcomb's team.

3.3 PSR Panel Representative Appointments

The Board noted the paper and discussed the following points:

- Stephen Locke's appointment as Chair of the PSR Panel had now been approved by the Treasury;
- the paper listed the proposed representatives nominated by the various stakeholder constituencies and it was noted that these had been considered suitable by Hannah Nixon and Stephen Locke. All of the nominees were expected to bring a positive and constructive contribution to the Panel;
- some concern was expressed at the large number of members on the Panel but this reflected the decision to have only one Panel. Stephen Locke had confirmed that he did not consider the Panel's size to be an issue and there would also be a review of the number of Panels and the Panel's membership after one year;
- the limited diversity of the Panel's membership was disappointing but Ms Nixon noted that very few women had expressed an interest in joining the Panel. It was important that the Panel members were of sufficient seniority to provide a strategic view. Great importance would be placed on encouraging all forms of diversity for future appointments. It would also be important to encourage innovators to join the Panel whenever possible;
- the first meeting of the Panel was scheduled to be held on 3 December 2014 which would enable the Panel to provide input to the consultation. Panel members would be required to sign a confidentiality undertaking and would be treated, in respect of the receipt of information, in the same way as the FCA's independent panels.
- following consideration, the Board approved the following representatives proposed as members of the PSR Panel with effect from 1 December 2014:
 - Craig Tillotson, MD, Faster Payments Service
 - John Howells, MD, LINK
 - Dr Steve Perry, Chief Digital Officer, Visa Europe
 - Mark Barnett, President, UK & Ireland, MasterCard
 - Chris Dunne, Payment Service Director, Vocalink
 - Simon Newstead, Head of Market Engagement, RBS
 - Robert White, Director of Payments, Santander
 - Rebecca Clements, Head of Payments, Metro Bank
 - Pam Meadows, Financial Services Consumer Panel
 - Richard Braham, Head of Payments, British Retail Consortium
 - Brendan Pielow, Head, Government Banking Service
 - Mike Agate, Policy Chairman, Economics, Finance & Tax, Federation of Small Businesses
 - Carlos Sanchez, CEO, Orwell Group
 - Kevin Brown, Payments Industry Insights
- the paper listed several possible appointees for two particular service-user constituency groups and the Board agreed that Sreeram Yegappan, Cognizant Consulting and Paul Rogers, Chair, Vendorcom would be appointed to the Panel to represent technology providers and card users/processors respectively with effect from 1 December 2014;

- appointments to the Panel would be for terms of two or three years for succession planning purposes, subject to the review of the Panel membership after one year; and
- payment of an appropriate fee to those consumer stakeholder representatives who would not have the cost of their time covered by their firms was also agreed.

3.4 Update on Significant Technology Developments in Payments

The Board was provided with an update on developments in respect of contactless and mobile payments and in the ensuing discussion, the following points were noted:

- consumers were now receiving numerous benefits without the need for changes to the infrastructure;
- it was not currently anticipated that the PSR would regulate mobile payment systems but this position might change in the future if the Treasury considered that regulation was appropriate. It was considered important for the PSR to be involved at as early a stage as possible. Ms Nixon noted that further thought would be given to what the PSR considered its role should be in this field and this would be discussed with the Treasury; and
- the Board asked to Ms Nixon to ensure that it was kept up to date with this subject and it was agreed that the PSR's approach to designation would be discussed at the next Board meeting.

Mr Wheatley left the meeting.

3.5 Finance Update

The Board noted the paper submitted to the meeting.

3.6 Risk Update

Mr Thomas introduced the paper and the following points were noted:

- the 'Market Developments' risk had been upgraded from Green to Amber although it was considered that the recent roundtable event had had a positive impact on this risk;
- the 'Mismatch with other programmes/projects in the FCA' had been upgraded from Green to Amber due to concerns that there may not be sufficient resources in place to support the implementation of the PSR website by 1 April 2015. It was agreed that Mr Woolard would take steps to resolve the current issues and ensure that development of the website was progressed;
- Mr Thomas confirmed that he had no material concerns in respect of set-up risks;
- it was agreed that, going forward, external risks would be reviewed by the PSR Board rather than by the Risk Committee; and
- the Board asked that a paper be produced setting out the remedies available to consumers in the event of 'failures'.

4 Any Other Business

There was none.

Assistant Company Secretary

Annex A: Attendees

Simon Brindley	General Counsel's Division
Nancy Johnson	Manager, PSR
Jana Mackintosh	Manager, PSR
Claire Strong	Deputy Company Secretary
Rebecca Tabor	Manager, Panels Secretariat (for item 3.3)
Gareth Thomas	Acting Head of Department, PSR
Kerry Watt	Manager, PSR (for item 3.6)

Relevant associates and technical specialists also attended the meeting.