

Minutes | FINAL

Meeting: Payments Strategy Forum

Date / Time: 29th September 2017 | 10.30 am to 1.00 pm

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

- Ruth Evans (RE), Chair, opened the meeting by welcoming Forum members back after the summer.
- RE noted that Ruth Wandhöfer (RW) and Neil Rowan (NR) had sent their apologies. Jane Barber (JB) was observing for Marion King (MK).
- RE welcomed Richard De La Rue (RR) who has replaced Andrew Ducker as the Financial Crime programme lead.
- It was noted that Otto Benz (OB) and Mike Smith (MS) had left their positions at Virgin Money and Raphaels Bank respectively. OB is the new Co-Chair of the NPA Design Hub and will attend the Forum in that capacity. MS will continue on the Forum to represent smaller PSPs. The Forum supported this.
- The Forum was advised Paul Horlock (PH) had been appointed as the CEO of the NPSO. PH spoke briefly about his view on how he would lead the NPSO to take on the Forum's work regarding the NPA, noting that it was important for him to stay on the Forum to support an effective transition. The Forum supported this.
- RE said that the objectives of the meeting were to agree the plan and deliverables up until end 2017; discuss the ongoing risk assessment work, and; discuss the initial consultation response assessment.

Ai.1 Minutes and actions

- The minutes from the 12 July 2017 meeting were agreed with no amendments. All outstanding actions were closed, except action 47 which will remain open until the final deliverables are agreed.

Ai.2 Education and awareness

- In opening the agenda item RE informed the group that she had received a letter from UK Finance confirming its agreement to take ownership for Financial Crime Data and Information Sharing; Identity Guidelines for Verification, Authentication and Risk Assessment; and Enhanced Sanctions Data Quality.
- Katy Worobec (KW), UK Finance, provided an update on how UK Finance has taken forward the Forum's consumer awareness and education solution, which was handed over in March 2017.
- KW talked through the slides highlighting:
 - the set-up of the Multi-Agency Communications Group to encourage coordination across different public bodies on raising awareness;
 - the 'Take Five' campaigns successes and plans for a second phase to be launched in October 2017, aimed at empowering consumers to challenge potential fraudsters and targeting specific segments of consumers.

- RE asked whether there had been consideration of how best to reach the consumers. KW responded that research had been undertaken, and that they were using an assortment of channels including social media, on-demand content, radio, and magazines.
- OB and Faith Reynolds (FR) expressed their concerns on the potential lack of communications from UK Finance regarding information handling by PSPs in light of PSD2 and Open Banking. KW responded that this is an area they are working on in conjunction with Open Banking, and will be able to report back once this work has been done.
- Thaer Sabri (TS) said that UK Finance was developing guidelines for the industry, but:
 - UK Finance was not representative of all of the payments industry
 - There was a concern that the guidelines could restrict competition and innovation
 - There are many idiosyncrasies between firms, so universal high-level guidelines were not suitable.
- On this basis TS would object, on behalf of EMA, to any universal guidelines being implemented. Russell Saunders (RS) responded that the idiosyncrasies between firms were the reason for the guidelines being quite high-level, and that any guidelines would be a baseline over which competitive activities could take place. DG reminded the Forum that this was discussed before the draft Strategy was published when it was agreed these should be guidelines and not industry standards. TS acknowledged this but advised his concerns had not been accurately reflected in previous minutes and asked they were this time.
- Steve Cooper (SC) asked if there was any work ongoing or planned to measure effectiveness of the education and awareness campaigns. Neil Lover (NL) responded that it was very difficult to measure, and that he sees UK Finance as laying the foundations for PSPs to further educate and raise awareness. KW further responded that it is extremely difficult to isolate the effectiveness of, for example, the Take Five campaign alone, in the context of other developments and continuously evolving financial crime.
- SC asked about the general trend of financial crime. KW responded that overall it is going down, and they are now monitoring Authorised Push Payment scams. Sian Williams (SW) added that raising awareness in the medium to long term is the key issue, as it enables consumers to be aware of and avoid scams even as they evolve over time.
- The Forum concluded by thanking KW for the update acknowledging on the quality of the Take 5 campaign.

ACTION: The Forum Secretariat to ensure that TS's concerns are accurately reflected in the minutes.

ACTION: Katy Worobec to raise the concerns discussed at the Forum within UK Finance and work with Richard De La Rue to provide a written update to the next Forum meeting.

This should cover concerns on the potential lack of communications from UK Finance regarding information handling by PSPs in light of PSD2 and Open Banking; Thaer Sabri's concerns re information sharing and identity guidelines; and how UK Finance plans to measure the effectiveness of the education and awareness campaign.

Ai.3 Programme Update

- The presenters talked through the slides.
- On the approach to delivering Confirmation of Payee (CoP), a hybrid of the two approaches presented in the consultation is being considered. OB said that this is fine if the principles of promoting competition and innovation were adhered to. Dora Guzeleva (DG) pointed out that one organisation has criticised both of the approaches to delivering CoP and this needs to be considered as part of the assessment. Others, including Katherine Horrell (KH); Brendan Peilow (BP); and MS expressed their support in principle of the hybrid approach to delivering CoP.
- On Financial Crime, the Working Group is coming to the view that the Liability in Indirect Access Models solution should be handed to UK Finance. Russell Saunders (RS) noted that whilst not highlighted in the update, the industry driven and funded tactical payments transactional analytics solution being implemented by FPSL will deliver tangible and immediate value for consumers. This would not have happened without the Forum identifying the detriment and developing the collaborative rules and requirements.
- RE asked if the Forum was supportive of the plan up to end 2017. The Forum advised they were but raised the following:
 - Jane Barber (JB) asked how confident were the team that everything can be done in the timeframe. PH acknowledged there was a lot of work but a number of the key activities were already in progress within the existing PSOs, who are actively engaged. Resource was in place to complete the necessary Forum tasks.
 - On handover and risks, Justin Jacobs (JJ) noted that there are a lot of projects that will need to be implemented together, so it is inevitable that some plans will need to change and dates may be moved around. PH agreed, saying that this is what the NPSO is currently thinking about.

Ai.4 Risk Assessment

- Becky Clements (BC) and RR talked through the programme, advising that a significant amount of detail sits behind the overview presented at the Forum.
- BC thanked Nationwide and RBS for contributing resource to this workstream. BC appealed to other parties to contribute resource, in particular risk specialists, to this work.
- It was noted that EY has been asked to conduct a review of the risk management process, using a team which have not had involvement in the Forum's work until this point. In addition a meeting with the NPSO Risk Board has been set up to aide transition of risks from the Forum to the NPSO.
- RE asked if members were supportive of the approach outlined. The Forum agreed it was and asked for an update at its next meeting.

ACTION: BC and RR to present on the latest status of the risk assessment at the next Forum meeting.

Ai.4 Consultation Responses

- Hamish Thomas (HT) provided an overview of the initial assessment. HT advised this was a point in time assessment and will change as not all responses had been assessed. The full draft report would be available by middle of October, for discussion at the 13th November Forum meeting.
- HT advised that the initial assessment demonstrated support for the direction of travel, some concerns were emerging, with specific focus on how Direct Debit would work over a “push only rail” and that respondents felt it was being replaced by RtP.
- The Forum agreed that RtP will be a complementary product to be made available by those organisations who wish to offer it to those who wish to use it, and that further work is required to explain how a Direct Debit will work. It was agreed that an urgent communication clarifying this should be developed and posted on the Forum’s website and sent directly to those who responded to the Consultation. The Forum delegated responsibility to produce this communication to PSF Central Team and the NPA Design Hub.
- RE requested that if other significant concerns are identified as the assessment continues the PSF Central Team, with support from the Working Groups and Secretariat, should develop messaging to address these.
- It was noted that there was a significant minority of responses to the Cost Benefit Analysis that questioned the figures or assumptions. In most cases however the respondents have not provided alternative figures or approaches.
- RE advised that it was critical that the consultation process is not seen as a tick box exercise and that responses must be assessed dispassionately. The Consultation Assessment Report being produced by the PSF Central Team must clearly and accurately articulate the feedback from the Payments Community and how the Forum considered and addressed this. The Forum was reminded that all non-confidential responses will be published on the website, alongside the final report, so it will be possible for stakeholders to validate the final assessment. The Forum fully supported this approach.
- Finally, RE asked Forum members to confirm they had reviewed their organisations response and if they supported it. All confirmed they had.

ACTION: NPA Design Hub, with support from the PSF Central Team, to develop an external communication regarding Direct Debits, and the implication of the “push only rail” and Request to Pay. Once agreed the Forum Secretariat to distribute.

ACTION: PSF Central Team, when analysing consultation responses, to clearly identify any areas where the majority of responses were negative and then agree messaging to address these. Where necessary this should happen prior to the final Report.

ACTION: PSF Central Team to ensure the final Report clearly and accurately articulates the feedback from the Payments Community, and how the Forum considered and addressed this in the final Blueprint.

Ai.5 AOB

- RE reiterated that it was a matter of priority to resolve the concerns around Direct Debit, and asked HT what the action would be for those who had negative responses to the consultation. HT responded that where appropriate they would seek to engage further with those organisations.

ANNEX 1 – Attendance List

Apologies:

Carlos Sanchez – CEO, Orwell Group

Marion King – Group Director of Payments, RBSG

Neil Rowan – Head of Enterprise Billing and Global Sourcing, BT

Ruth Wandhofer – Global Head for Regulatory and Market Strategy, Citi Bank

Jack Wilson – Financial Conduct Authority

Attending:

Members

Ruth Evans - Chair, Payments Strategy Forum

Becky Clements – Head of Payment Operations, Metro Bank

Brendan Peilow - Crown Representative (Banking and Payments), Cabinet Office

Faith Reynolds – Member, Financial Services Consumer Panel

James Emmett – Chief Operating Officer, HSBC

Katherine Horrell - Group Treasurer, Centrica

Mark Lyonette – Chief Executive, ABCUL

Michael Maier – Chief Operating Officer, Fidor Bank

Mike Smith – Commercial Director, Raphaels Bank

Neil Lover – Head of Payments and Financial Crime, Coventry Building Society

Paul Horlock – Head of Payments, Nationwide

Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group

Sian Williams – Head of Financial Inclusion, Toynbee Hall

Steven Cooper – CEO, Barclaycard Business Solutions

Thaer Sabri – Chief Executive, Electronic Money Association

Tony Shaw – Head of Treasury – Cash and Banking, Tesco

Observers

Justin Jacobs, Bank of England

Dora Guzeleva, Payment Systems Regulator

Paul Smith, Payment Systems Regulator

Working Group Support

Andrew Wickham, PSF Central Team

Hamish Thomas, PSF Central Team

Patrick Seal, PSF Central Team

Jane Barber, RBSG

Richard De La Rue, Lloyds Banking Group

Otto Benz, NPA Design Hub Chair

Secretariat

David McPhee

Alex Lui