

Minutes | DRAFT for Sign Off

Meeting: Payments Strategy Forum

Date / Time: 1st March 2017| 2.30 pm to 5.30 pm

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

- The Chair welcomed Members and read out the apologies (see Annex 1)
- The Chair advised that the focus of the meeting will be to discuss:
 - deliverables by the end of March 2017;
 - resourcing and funding post March 2017; and
 - an update from the PSO Delivery Group.
- The Chair advised that agenda item 3 would be discussed before 2. At which point EY will leave the meeting.

Ai.1 Minutes and actions

- The Forum agreed the minutes from the 30th January 2017 meeting and noted that all actions were either closed or on the agenda.

Ai.3 Program Update

- Philip McHugh and Otto Benz provided an update on the NPA Design Hub.
 - They advised that the NPA Design Hub was slower than expected to mobilise. Work was now under way, plans are in place and progress was being made.
 - They further noted that industry engagement has gone quite well and that they have now issued a resourcing call to industry.
 - They noted that the deliverables for the end of March 2017 included:
 - High level requirements and standards for the three user needs
 - NPA Pilot approach
 - Draft options for the settlement risk management & process with the Bank of England
 - Architectural principles governing the NPA
 - Draft outline of the NPA blueprint with a more technical design to follow in Q2
 - CBA Data Requests
 - Cost benefit analysis method and approach defined
 - Carlos Sanchez clarified that the “pilot” would not be a full scale pilot but would be better categorised as a “proof of concept”. It would only be required to prove any elements of the NPA that couldn’t be proved through documentation. The Forum asked that the scope of the “pilot” be clearly documented and agreed by the NPA Design Hub Chairs.
 - The Forum asked that WS3 produce a ‘payments landscape map’ which will draw out all relevant industry initiatives and regulatory changes. This map will provide sequence and what focus areas industry are providing resources, to as well as highlight the change risk across all initiatives.

- The Chair noted that this is a sizable set of deliverables for the end of March 2017 and that the NPA Design Hub Co-Chairs should ensure that they are getting the resources they need to progress.

ACTION: NPA Design Hub to clearly document the NPA Pilot approach for agreement by the Chairs.

ACTION: Paul Horlock / Mike Smith to work with EY to produce a 'payments landscape map'.

ACTION: Co-Chairs to ensure that resourcing requirements are met to ensure March 2017 deliverables remain on target.

- Forum members Russell Saunders and Neil Lover, supported by Andrew Ducker, provided an update on the Financial Crime, Security and Data Working Group.
 - They advised that they have engaged with many organisations and had involvement in the Working Group from around 50 industry participants. The participants are divided over the 7 solutions work streams.
 - They advised that they needed to be conscious of how the Financial Crime Working Group overlapped with the NPA Design Hub particularly with the Confirmation of Payee solutions.
 - They noted the following deliverables:
 - **Transaction Analytics solution** - workshop planned for early March 2017 to include a wider group of industry experts to develop a detailed plans for a tactical and strategic solution
 - **Consumer Education and Awareness solution** - ready to be handed over and will be taken forward by FFA UK by the end of the Q1
 - **KYC Sharing** - developed a high level delivery plan for 2017 and 2018 with workshops planned for early March 2017. Additionally, a resourcing call has been issued
 - **Sanctions Data** - on hold until the WG can meet with HMT
 - **Indirect Access Liability Model** - next step is to engage with the JMLSG
 - **Identity Guidelines** - next step is to produce a full definition of the scope/high level plan and consider handover to an industry body
 - **Intelligence Sharing** - next step is to engage with the BBA and the JMLIT with regard to understand their progress of the Strategy and to have a shared industry view
 - The Forum questioned who had oversight of the solutions once they have been handed over to various industry organisations.

ACTION: Russell Saunders / Neil Lover to complete handover of the Education and Awareness Solution, develop an appropriate mechanism for the Forum to monitor and provide an update to the April Forum.

ACTION: Russell Saunders / Neil Lover to work with EY to develop an appropriate mechanism for the Forum to monitor any Financial Crime solution handed over to another organisation.

The Chair advised that she was pleased to see momentum after a slow start and thanked the Forum members for their continued commitment, but noted that she was concerned what the Forum was able to achieve before the end of March 2017. The Chair further advised that it was critical that the planning phase concludes in the next week.

ACTION: Working Structure Chairs to meet w/c 6th March to discuss and agree their plans for 2017 and from this develop a likely budget.

Ai.2 Resourcing and funding post March 2017

- The Chair advised that she and the Secretariat had held various discussions with EY, Payments UK and the PSOs to discuss the current status regarding resourcing and funding and to develop an approach for 2017.
- The Chair advised:
 - Following the January Forum meeting the Payments UK Board failed to agree that it would fund the post March work as the conditions they specified had to be met. It was noted that the Forum was not in a position to meet to these conditions.
 - As an alternative the Chair had approached Bacs, Cheque and Credit Clearing Company and Faster Payments to discuss if they would consider acting as the contracting / funding party for 2017. The PSOs have agreed, in principle, to contract / fund the work on the Forum's behalf but had asked for a likely budget for 2017 to take to their Boards.
 - The Chair recommended that a competitive procurement process is run for the next phase of work to ensure the Forum can demonstrate "value for money".
- The Forum concluded the following:
 - While a competitive procurement should be run for the work required from April to December 2017, changing suppliers mid project can slow its momentum.
 - The three retail PSOs should act as the contracting / funding party subject to no unreasonable conditions being placed on the Forum.
- Forum representatives from the PSPs agreed that they would fund the necessary work in 2017. The mechanics for how this work should be funded will be for industry to determine, rather than the Forum.
- It was noted that the industry would need to understand the total budget for 2017, which would be made up of the Forum project costs and the costs of setting up the NPSO. The Forum agreed that while it can determine its costs, it should be the role of the PSO DG to determine the NPSO set-up costs. It was noted that discussions of the Forum budget would be part of the Chairs meeting scheduled for w/c 6th March.

Ai.4 PSO Delivery Group

- Rob Stansbury (the Chair of the PSO Delivery Group) provided an update on progress of the group ahead of the end March deadline. The Forum provided the following feedback:
 - There is a risk in the proposed “guarantor” structure as, in theory, this model may result in PSPs choosing not to join the NPSO.
 - The PSO Delivery Group, as part of its final report, should consider the transition / set-up costs from the existing PSOs to the NPSO.
 - The NPSO should be developed in a way that makes it more than a sum of its parts and is able to take ownership of other key industry functions, such as the CMAs open banking work. It was noted that although this may introduce higher costs in the short term these would be outweighed by the longer term benefits.

Ai.5 AOB

- The Chair advised that the following Members have now stepped down from the Forum:
 - Philip McHugh – Chief Executive, Barclaycard Business Solutions
 - Alan Smith – Head of Payments and Banking Services, Post Office
- The Chair and the Forum thanked Philip McHugh and Alan Smith for their dedication and support to the Forum.
- The Chair asked if there was any other business. No other business was discussed and the meeting was adjourned.

ANNEX 1 – Attendance List

Apologies:

Carl Pheasey – Head of Policy, Money Advice Service
Becky Clements – Head of Payment Operations, Metro Bank
Katherine Horrell – Group Treasurer, Centrica
Mark Lyonette – Chief Executive, Cornerstone Mutual Services
Sian Williams – Head of Financial Inclusion, Toynbee Hall
The FCA

Attending:

Members

Ruth Evans - Chair, Payments Strategy Forum
Alan Smith – Head of Payments and Banking Services, Post Office
Brendan Peilow - Crown Representative (Banking and Payments), Cabinet Office
Carlos Sanchez – CEO, Orwell Group
Faith Reynolds, Member, Financial Services Consumer Panel
Hamish MacLeod – Chair, Mobile Broadband Group
James Emmett – Chief Operating Officer, HSBC
Michael Maier – Chief Operating Officer, Fidor Bank
Mike Smith – Commercial Director, Raphaels Bank (via telephone)
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 (via telephone)
Thaer Sabri – Chief Executive, Electronic Money Association

Observers

Justin Jacob, Bank of England
Hanna Nixon, Payment Systems Regulator
Phil Taylor, Payment Systems Regulator
Catriona Whelan, RBSG (observing on behalf of Marion King)
Jane Barber, RBSG (observing on behalf of Marion King)

Working Group Support

Andrew Ducker, Lloyds Banking Group (Ai. 1 to 3 only)

Secretariat

Dora Guzeleva, Payment Systems Regulator
David McPhee
Keisha James

Patrick Seal, EY (Ai. 1 to 3 only)
Rob Stansbury, Chair PSODG (Ai. 4 Only)