

Minutes | DRAFT for sign off

Meeting: Payments Strategy Forum

Date / Time: 18th November 2016 | 10:00 to 13:00

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

- The Chair welcomed James Emmett, HSBC and advised John Hackett has stepped down following an internal role change.
- Apologies were given for from Adam Marshall; Marion King; Katherine Horrell, Ruth Wandhofer and Tom Ironside.

Ai.1 Minutes and Actions

- The October minutes were signed off without comment.
- Carlos Sanchez (CS) advised that he planned to hold an initial meeting on long term funding of the New Payments Architecture by end November.

Action: Secretariat to post minutes on the Forum's website

Ai.2 Final Strategy Sign Off

- The Chair outlined the current status and advised she wasn't expecting major policy issues at this stage as they had been resolved at the October meeting.
- The Chair expressed satisfaction with the draft document, advising that it is an accurate reflection of the key Forum agreements.
- Hamish Thomas (HT), from EY introduced the latest version of the Strategy and sought feedback on the three areas raised during the recent Forum review:

1. **Settlement**
2. **Cards**
3. **API Governance**

Settlement

- Andrew Hauser (AH) advised that that settlement should be in Central Bank money and that alignment between the Forum's work and the Bank's RTGS review should be made more explicit in the Executive Summary. The Forum agreed.

Cards

- There was a discussion on how the Cards detriments identified by the Forum should be progressed and how the final Strategy should reflect how the Card Operators be engaged in the next stage of work. It was felt that the PSR should take the lead on assessing the detriments.
- Paul Smith (PS) advised the PSR was happy to do this, but noted that the PSR was already doing a significant amount of work intended to address previously identified consumer detriments and competition concerns in relation to cards, including most notably the Interchange Fee Regulation (IFR). As the IFR has only been in place for a relatively short period of time, it was not possible to understand its full impact, and the PSR was keen to understand its effectiveness before considering further measures. It was noted that the card schemes had been less engaged in the work of the Forum in recent months. The Forum was keen that they should be encouraged to be more involved, particularly as a number of the financial crime actions may benefit from card scheme participation, and the general expertise of the card schemes may be helpful to implement some of the Forum's actions. The Forum concluded that:
 - The PSR will consider the Cards detriments against their existing programme of work and the implementation of the IFR.
 - That the Card Operators should be proactively invited to engage in the Forum's next phase of work. Although much of the Forum's work related to interbank schemes, the card schemes may benefit from some of the financial crime work, and could contribute their expertise to the effective delivery of the Forum's broader work.

API Governance

- There was a discussion on co-ordination between the Forum and the work of the API Implementation Entity. The Forum concluded that the final Strategy should reflect the need for positive co-ordination. The Chair and the Forum should now reach out to the Andrew Pinder (*Independent Chair of the Implementation Entity*) to communicate the Forum's view and start to establish a formal way of working.

ACTION: The Chair to meet with Andrew Pinder and establish a formal way of working.

Business Case Evaluation (BCE) Section

- The Forum noted that the BCE had reached a clear conclusion that the New Payments Architecture (NPA) was required to meet its vision but hadn't reached a clear conclusion on whether it should be distributed or centralised.
- The Forum agreed the section should be drafted to focus on the key NPA messages. The figures should be included for context but the Strategy should advise they will be further refined in 2017. The detail should be provided in an annex.

Alignment with the Payment System Operator Deliver Group (PSODG) and the RTGS Strategic Review

- The Forum agreed the following text for inclusion in the final Strategy, to make the alignment between the NPA; the New Payment System Operator and the RTGS Strategic Review clearer

“Our view is that the establishment of a clearly mandated Consolidated PSO with the capacity and skills to procure the required infrastructure is critical to success. We see this as an opportunity to drive forward the implementation of our NPA. We also recognise that any new retail payments architecture will be required to settle in central bank money. In light of that, it is essential that our roadmap for the NPA aligns with current BoE plans for the new RTGS system. Specifically, the timeline for decisions on settlement options is mid- 2017 and will therefore form an early part of design considerations”

2017 activities

- The Forum challenged whether a detailed design of the NPA would be possible in six months. Dora Guzeleva (DG) clarified that a “blueprint” was expected in six months, with design work completed by end 2017 before handover to the New Payment Systems Operator. It was agreed this should be made clearer in the final Strategy.
- Following a short discussion on next steps The Forum agreed the December 16th meeting should focus on governance; working structures; resources and funding for 2017.

Views of the end user representatives

- The Chair sought views from the end user representatives. They advised they were overall happy with the final document but acknowledged the amount of work required in 2017 before their needs can be met.

Ai.3 Launching the Final strategy

- The Forum secretariat provided a status update ahead of the 29th November launch event, advising on the speakers and format for the session.
- The Forum advised it was keen to see an increased profile for the Forum, driven by the launch event. This should include coverage in both national and trade media.

ACTION: Forum Secretariat to circulate embargoed press release and Q&A for comment by cob Monday 21st November

ACTION: Forum Secretariat to implement its media plan and provide an update at the December 2016 meeting

Ai.4 AOB

- No AOB was raised

ANNEX 1 – Attendance List

Apologies:

Adam Marshall – Director General, British Chambers of Commerce

Katherine Horrell – Group Treasurer, Centrica

Marion King – Group Director of Payments, RBS

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

Tom Ironside – Head of Business and Regulation, British Retail Consortium

Attending:

Members

Ruth Evans - Chair, Payments Strategy Forum

Alan Smith – Head of Payments and Banking Services, Post Office

Becky Clements – Head of Payment Operations, Metro Bank

Carl Pheasey – Head of Policy, Money Advice Service

Carlos Sanchez – CEO, Orwell Group

Faith Reynolds – Member, Financial Services Consumer Panel (Ai 4 and 5 only)

James Emmett – Chief Operating Officer, HSBC

Lisa Felton – Head of Consumer Policy, Vodafone

Mark Lyonette – Chief Executive, Cornerstone Mutual Services

Michael Maier – Chief Operating Officer, Fidor Bank

Mike Smith – Commercial Director, Raphaels Bank

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

Nick Davies – Richer Data Strategy Lead, DWP

Otto Benz – Director, Strategic Payments, Virgin Money

Philip McHugh – Chief Executive, Barclaycard Business Solutions

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

Sian Williams – Head of Financial Inclusion, Toynbee Hall

Thaer Sabri – Chief Executive, Electronic Money Association

Observers

Andrew Hauser, Bank of England

Nilixa Devlukia, Financial Conduct Authority

Hannah Nixon, Payment Systems Regulator

Paul Smith, Payment Systems Regulator

Dora Guzeleva, Payment Systems Regulator

Independent Evaluators

Hamish Thomas, EY

Pedro Coutinho, EY

Secretariat

David McPhee