

The Payment Systems Regulator Ltd

Minutes

Meeting:	PSR Board	
Date of Meeting:	11 February 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Amelia Fletcher	Hannah Nixon
	John Griffith-Jones (Chair)	Chris Woolard
	Sir Brian Pomeroy	Martin Wheatley
Apologies:	None	
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.

1 Minutes and Matters Arising

1.1 Minutes of the Board meeting

The minutes of the Board meetings held on 21 January 2015 were approved as a correct record of the meetings.

1.2 Matters arising

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

2 Managing Director's Report

Ms Nixon introduced Louise Buckley who had joined as head of stakeholder engagement and communications.

The Board discussed the report and noted the following points in particular:

- the PSR consultation on concurrency in light of ongoing discussions between the CMA, FCA and PSR;
- the information gateway flow chart for staff indicating how information should be shared between the PSR and the FCA/other authorities. This would be amended in the light of the Board's comments and shared with staff – it was also agreed that a similar chart should be prepared for FCA-to-PSR information gateways and sharing;
- a new Interbank System Operators Coordination Committee had been set up by Bacs Payment Schemes Ltd, CHAPS Co, Cheque and Credit Clearing Company Limited, Faster Payments Ltd and Mobile Payments Service Company Limited (Paym). The

Board encouraged the Executive to keep itself fully informed of the set up and activities of the body.

3 Specific items of business

3.1 Approval of final policy proposals and regulatory tools

The Board considered the results of the consultation on the PSR's regulatory approach and the areas which the team suggested should be changed from the consultation having considered the feedback received.

The Board noted that the team now suggested that further consideration was needed in relation to the proposed governance requirements in relation to card operators, namely publishing minutes of the operators' governing body, and the representation of service-users' interests in decision-making. This would take place as part of a programme of work on card operators to determine where and how decisions were made and to determine how to make this more transparent in a meaningful way given, among others, the international nature of card operators, and to ensure that service-users' interests are appropriately represented in decision-making.

The Board noted that the consultation had proposed a Direction (under s.54 FSBRA) on some high-level behavioural standards for industry participants, in the form of three "PSR Principles". The Board had a detailed discussion considering the Principles and agreed with the recommendation not to implement Principles 2 and 3 under this Direction. The Board deferred a decision on Principle 1 so the Executive could consider this further.

The Executive would also adjust the timetable for production of the Policy Statement to enable Board members time to comment on a draft and the Board would be asked to make the rules and guidance in March.

With the exception of the discussion above, the Board approved the policy proposals.

3.2 Review of expected readiness for Day 1

The Board noted the assessment of operational and policy readiness for "day 1" of the PSR on 1 April 2015.

The operational readiness assessment monitored and recorded progress against programme objectives, the success criteria and key performance indicators. The assessment had highlighted there were some functions and processes that required validation before day 1 and that there were still some more staff to be recruited to enable there to be the optimal ratio of temporary to permanent staff.

The policy readiness assessment reviewed the areas that the PSR might be called upon to respond to a request for regulatory action, and the adequacy of the plans in place to handle the anticipated volumes of these requests. The Board noted where the Executive proposed further work in advance of Day 1 and the way in which the priorities and resource requirements would be assessed.

3.3 Terms of reference of Market Reviews

The Board discussed the proposed scope for the infrastructure review and the indirect access review, in particular the proposed exclusions from the scope of the reviews.

The Board noted the proposed engagement approach for the reviews and the interaction with the FCA and Bank of England to date.

The Board agreed the scope and engagement strategy for the reviews and noted it would receive updates in due course.

3.4 Complaints Scheme

The Board noted that the FCA's Independent Complaints Commissioner (ICC) had indicated that he would be willing to be engaged by the PSR in order to deal with any complaints against the PSR.

Noting that there was currently no statutory requirement for the PSR to have a formal complaints scheme, the Board agreed the Executive should work with the FCA's complaints scheme to finalise a complaints process modelled on that of the FCA with a view to appointing the ICC in an appropriate manner.

The Board noted the ICC should provide an annual report of any complaints considered and attend the Board to present this.

3.5 Agreement of MOU with the CMA

The Board noted the update on the position regarding the PSR's proposed Memorandum of Understanding with the Competition and Markets Authority. The Board approved the approach and the timing of the completion of this, which was likely to be after 1 April but was unlikely to pose any operational issues for day 1.

3.6 Payment Accounts Directive (PAD)

The Board noted the progress made to implement the EU Payment Accounts Directive (PAD) and the relative responsibilities of the FCA and PSR under the PAD.

3.7 PSR Annual Plan and Budget 2015/16

The Board considered the draft of the PSR annual budget and plan and noted the way in which the budget had been calculated. The programme of work on cards had not been included to date and the Board encouraged Ms Nixon to consider whether to include this in the budget as soon as possible, with a preference to include it if possible.

3.8 Remedies available to consumers in the event of failures (Consumer Redress)

The Board noted the existing redress mechanisms and the routes by which consumers could address disputes about payment services. It also noted the powers provided to the PSR (which would come into effect on 1 April 2015) that could potentially be used to resolve disputes and discussed the work proposed by the PSR ExCo to look at potential gaps where the underlying cause of consumer issues related to the failure of the payment systems, rather than the payment service providers. The Board also noted the potential for joint work with the FCA in future.

4 Papers for noting

The Board noted the minutes of the Executive Committee meetings held on 13 January 2015.

5 Any Other Business

There was none.

Claire Strong

Deputy Company Secretary

Annex A: Attendees

Louise Buckley	Head of Department, Payment Systems Regulator
Simon Brindley	Chief Counsel of Banking, Credit & Competition, General Counsel's Division
Nancy Johnson	Manager, Payment Systems Regulator (for items 3.1, 3.4, 3.5 and 3.6)
Jana Mackintosh	Manager, Payment Systems Regulator (for items 3.1 & 3.3)
Claire Strong	Deputy Company Secretary
Grahame Tinsley	Manager, Payment Systems Regulator (for items 3.2 & 3.7)

Other Technical Specialists and Associates also attended for relevant items.