

Final Minutes

Meeting: Payments Strategy Forum

Date / Time: 27th June 2016 | 10.30 to 16.30

Preliminaries

- The Chair welcomed members and gave apologies for absence from Adam Marshall; Lisa Felton; Carl Pheasey; Carlos Sanchez; Russell Saunders; Ruth Wandhofer; and the observer, Financial Conduct Authority.
- The Chair provided an update on her recent engagement with incoming FCA CEO, Andrew Bailey, stating that the meeting was positive and that the FCA were on board with the content and aim of the Strategy
- The Chair provided an oral update on the status of the draft Strategy document and the progress made by KPMG to date

Ai.0 9th June minutes and actions

- No comment on the Minutes

Ai.1 Reading of the Draft Strategy Document

- The Forum broke to read the draft strategy document

Ai.2 Financial Crime; Data and Security

- Neil Lover, Deputy Chair of the Financial Crime; Data and Security Working Group gave an oral presentation on the detailed solutions of the Group for further consideration by the Forum.
- Working Group member, Jonathan Williams, provided a detailed update on the Identification; Verification and Assurance (IDVA) solution. The Forum discussed and asked that the following be considered:
 - Standardising the dual authentication process required by PSD2
 - The IDVA could lead to the creation of a de-facto national identity so it will be necessary to engage with HMG on this in order to coordinate with other existing initiatives and because HMG hold the data proving that individuals exist
 - The solution needs to ensure that not all authentication becomes digital in order to not accommodate different customer segments, such as the elderly
 - Definitions of terms such as 'verification' need to be agreed
 - How a risk-based approach can be compatible with standardisation in this instance
 - Adopting a principles-led 'best-practice' model to deliver this solution
- Working Group member, Andrew Ducker, provided a detailed update on the Payments Transaction Data Sharing and Analytics solution. The Forum discussed and asked that the following be considered:

- It should be made clearer if this is a collaborative shared service or to be delivered competitively
- It should be made clearer that a central repository would not require data to be stored in one place
- Security of this solution need to be addressed
- There needs to be reference to a mechanism or interface for consumers who are incorrectly locked out by the algorithms.
- Clarity needs to be provided that the PSP retains control over the risk appetites and ultimately decides if and when to act on alerts
- Working Group member, Ian Horobin, provided a detailed update on the Central Know Your Customer (KYC) Utility solution. The Forum discussed and asked that the following be considered:
 - There needs to be further consideration on the difference between verification and authentication with respect to the different products available and the differing levels of KYC required for them
 - Consumption and population models need to be studied to determine how the different legal entities (PSPs) will interact in this model – i.e. large banks cannot be expected to authenticate for the entire industry
 - Delivery could be piloted by beginning with the top100 companies and then expanding to eventually include sole traders over time
- Working Group member, Ian Horobin, provided a detailed update on the Data Quality and Sanctions Data Model Solution. The Forum had no comments.
- Working Group member, Ian Horobin provided a detailed update on the Intelligence Sharing solution. The Forum had no comments.

Ai.3 Liability in Indirect Access Models

- Working Group member, Jane Barber, provided a detailed update on the work of the Liability in Indirect Access Models Editorial Team. The Forum discussed and asked the team to consider the following:
 - Key stakeholders will need to be involved in designing the detailed solution
 - The solution will require trust that all parties are using robust KYC
 - This solution will require a strong business case for large PSPs
 - The team should consider the liability mapping to make clear the specific liability on IAPs covered by US regulatory obligations.

Ai.4 Simplified Payments Platform

- Otto Benz, Chair of the Horizon Scanning Working Group, provided a detailed update on the SPP solution. The Forum discussed and asked the team to consider the following:
 - A robust cost-benefit analysis still needs to be conducted on this and should include the benefits of this system in a post-PSD2 landscape
 - The proposals on scheme governance should be linked to as an interim step towards the SPP, as part of a logical sequencing plan
 - The Forum felt if the new Payment System Operator entity was designed properly and implemented in time this could take the lead on the design and implementation of the SPP

- The 'Single Push Rail' should be presented as the ultimate state to which the industry should be moving, with an emphasis on how this solution will enable competition and innovation
- The language needs to be made more precise, differentiating between standards, messages etc.

Ai.5 Draft Strategy

- The Chair, Ruth Evans, asked for high-level comments and initial observations. The Forum had a brief discussion before breaking into smaller working groups based on their involvement in different sections of the Strategy to provide more detailed comments to KPMG.

Ai.6 Next Steps

- The Chair, Ruth Evans, asked Forum members to provide the feedback from their breakout group discussion to KPMG by COB 27th June 2016.

Ai.7 AOB

- No AOB raised

ANNEX 1 – Attendance List

Apologies:

Adam Marshall – Director General, British Chambers of Commerce
Lisa Felton – Head of Consumer Policy, Vodafone
Carl Pheasey – Head of Policy, Money Advice Service
Carlos Sanchez – CEO, Orwell Group
Russell Saunders – Managing Director, Global Payments, Lloyds Banking Group
Ruth Wandhofer – Global Head for Regulatory and Market Strategy, Citi Bank
Observer, Financial Conduct Authority

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
Faith Reynolds – Member, Financial Services Consumer Panel
John Hackett – Chief Operating Officer, HSBC
Katherine Horrell – Group Treasurer, Centrica
Marion King – Group Director of Payments, RBS
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
Sian Williams – Head of Financial Inclusion, Toynbee Hall
Thaer Sabri – Chief Executive, Electronic Money Association
Tom Ironside – Head of Business and Regulation, British Retail Consortium

Observers

Andrew Hauser, Bank of England
Hannah Nixon, Payment Systems Regulator
Paul Smith, Payment Systems Regulator
Dora Guzeleva, Payment Systems Regulator

Working Group Support

Jane Barber, HSBC (dialling in for Ai.2 and 3)
Jonathan Williams, Experian (Ai.2 only)
Ian Horobin, Swift (Ai.2 only)
Andrew Ducker, Lloyds Banking Group

Independent Evaluators

Thomas Collins, KPMG
Simon Walker, KPMG

Secretariat
David McPhee
Michaela Costello