

# Minutes



16 April 2008

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**To** Payments Council Board

**Our Reference** PC02908

**From** Anita Heaviside  
Secretary to Payments Council

## MINUTES OF THE MEETING OF THE PAYMENTS COUNCIL BOARD AWAY DAY HELD ON TUESDAY 15TH APRIL 2008 AT THE PARK PLAZA HOTEL, VICTORIA

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**Present:**

Brian Pomeroy	Chairman
Michael Alexander	Independent Director
Stephen Locke	Independent Director
Moira Black	Independent Director
Martin Cave	Independent Director

Industry Directors (Nominated by Members with over 5% of UK Clearing Volumes)

Colin Klipin	Barclays Bank
Paul Baker	Lloyds TSB Bank
Richard Hemsley	The Royal Bank of Scotland
Jim Large	HSBC
Kevin Gillett	HBOS

Industry Directors (Nominated by Members with over 1% but less than 5% of UK Clearing Volumes)

Gerry Lane	Alliance & Leicester
Juan Olaizola	Abbey

Industry Directors (Nominated by Members with less than 1% of UK Clearing

Volumes)

Maurice Cleaves

Dermot Nolan

Deutsche Bank

Bank of Ireland

Andrew Bailey

Paul Smee

Peter Finlayson

Sandra Quinn

Nigel White

Anita Heaviside

Bank of England (Observer)

Chief Executive

Payments Council

Payments Council

Payments Council

Payments Council Board Secretary

**Apologies:**

John Hughes

Brent Bellm

Co-op

Paypal

**1 WELCOME AND MINUTES OF LAST MEETING HELD ON 19 MARCH 2008**

**ACTION**

The Chairman welcomed the newly elected Payments Council Directors, Dermot Nolan and Maurice Cleaves to their first meeting.

Apologies noted were:

John Hughes Co-operative Bank

Brent Bellm Paypal

The minutes from the previous meeting 19 March 2008 were APPROVED subject to one minor amendment to note the Fraud Report. The minutes will be posted to the website.

Actions from the previous meeting are being progressed.

Paul Smee confirmed that he would circulate the minutes available from the wholesale markets consultation exercise recently undertaken in relation to the National Payments Plan. He was also planning to draft a paper for the next Board to set out the arrangements for future liaison with the users of wholesale market.

Paul Smee

**2 NATIONAL PAYMENTS PLAN (NPP)**

The Chairman invited the Board to comment on the draft National

Payments Plan (NPP). The key points raised during the course of discussion included the following:

#### Foreword/ Introduction

- There is a need to articulate the Payments Council's vision for the future i.e. improving effectiveness and efficiency through a move away from paper based payment methods;
- The introduction should include more information about the role and objectives of the Payments Council.
- It would be useful to incorporate the key messages as outlined in the communications strategy document.
- The NPP should make clear how it intends to keep the plan updated.
- It would be helpful to incorporate a gantt chart as a means of illustrating the difference timelines of various initiatives.

#### Cheques

- There was some debate on the priorities in the plan and a desire to complete the planned gap analysis phase sooner. It was suggested to keep the dates in the plan as they are and incorporate some 'no later than dates', to encourage speedy progress, notwithstanding that fact that sufficient time should be allowed for any external stakeholder consultation.
- It was suggested that third party cheque processors had already done research relevant to cheques and there may be an opportunity to leverage this.
- It was confirmed that there was already a lot of research available on the international comparisons on cheques usage and migration.

#### Measures to enhance efficiency

- It was suggested that some additional explanation should be added to the section on standard account number formats to state that many banks believe that the costs of making changes to account numbers would be very large.

## Payment Costs

- In discussing the current text in this section it was noted that a comprehensive picture of UK payments costs will not necessarily be achieved from Cost Benefit Analyses (CBAs) conducted by the Payments Council; because they may not cover all aspects of payments. They would help however to build up knowledge of the structure of UK payment costs.
- References should be included to looking at the potential cost savings if duplication of infrastructures is eliminated and to the current review of scheme governance.

It was AGREED that the proposed changes in the NPP document would be circulated for comment. The time allowed for review would have to be very short so not to impact on the publication timescales.

**Secretariat**

## **2i NATIONAL PAYMENTS PLAN GOVERNANCE, RESOURCING AND BUDGET**

Paul Smee introduced the paper outlining the proposed governance, resourcing and budget requirements in order to deliver the NPP.

The governance arrangements as set out in the paper were AGREED. This confirmed that the work programme will be overseen by the Payments Council Board. A small group will be set up to manage the programme in between Board meetings comprising of the Chairman, Chief Executive, an Independent Director and the Chair of the Member Strategy Group. The User Forums and Member Strategy Group will continue to be engaged in all aspects of the NPP as it progresses.

The Board debated the priorities of the NPP workplan. There was support for the priorities as identified, but it was suggested that the planned work on non-standardised account number formats should be completed by the end of year rather than roll over into 2009. The project plan for the NPP should incorporate internal milestones to keep up the pace of progress.

The budget paper proposed an additional call for funding to cover external costs that had not been included in the 2008 budget. The

Board debated the amount of funds needed and how these should be shared amongst the payments council members. It was AGREED that the budget proposal should be reviewed carefully to ensure that no further additional funding from members would be needed for 2008. The budget proposal should also include a justification for why these costs should be shared amongst the larger members. In the first instance, this would be sent to the five members in the top tier for comment

**Secretariat**

### **3 PAYMENTS COUNCIL STAKEHOLDER COMMUNICATIONS STRATEGY**

Sandra Quinn, Director of Communications gave a short introduction to the paper on stakeholder communications strategy. She invited feedback particularly on the Payments Council key messages.

The Board debated the communications strategy and thought that there was still a degree of confusion between the use of the APACS brand and the role of the Payments Council. Paul Smee explained that a Branding Working Group was looking at this particular issue and work was still in progress but that the intention here was to enhance clarity around the Payments Council's own strategy. Some Directors emphasised that they were keen for this working group to complete its work as soon as possible.

In relation to the National Payments Plan there was general support for the proposed communications plan and a media briefing being fronted by the Chairman. The launch had to be planned carefully as this was a busy time as banks gear themselves to launch faster payments. There was also support to keep stakeholders informed on the NPP as the plan is progressed.

**Secretariat**

Reference was made to the proposed publication of the Annual Review. A draft outline will be circulated to the Board for information, with the Chairman having the authority to sign off the document.

The Board opened up the debate more widely to discuss if they were obliged to have a public stance in the event there was ever a significant payment system outage or similar event. Paul Smee reminded the Board that their remit was restricted to strategic integrity issues rather than operational issues. The Board discussed how

cross scheme and payment operational issues were handled by the governance arrangements already in place and AGREED to explore the potential for an overall operational committee that could discuss cross scheme issues such as integrity, broader strategy perspective, aggregate risk profile, stress testing of scheme volumes, change management etc. This initiative was supported by the Bank of England and reference was made to work already in hand in the Scheme Governance Group that was looking at a similar idea. Because of the substance of such an initiative it was important that this initiative is discussed at a senior level. It was AGREED that the first step would be to draft terms of reference, which would be circulated to the Board and Scheme Governance Group.

**Secretariat**

#### **4 PREPARATION FOR THE OFT REVIEW**

Paul Smee introduced his paper on the OFT review which sets out the current understanding of the forthcoming OFT review and asks the Board whether they thought that the work that the Payments Council has done to date demonstrates that it has delivered against its objectives. The Board supported the paper and the suggestion that the Board should draft a response to the OFT at the appropriate time that sets out the Board's view on what it has achieved.

#### **5 WHITE PAPER ON DEPOSITOR PROTECTION AND FINANCIAL STABILITY**

Paul Smee introduced the paper on Depositor Protection and Financial Stability which included the draft response from the Payments Council. Paul Smee invited the Board to comment. It was suggested that one potential point to add was to comment that there is no insolvency regime for a third party infrastructure supplier such as VocaLink, noting that special insolvency regimes are in place for utility companies providing critical services. It was AGREED to include this point in the draft response. The draft response on the White Paper on Depositor Protection and Financial Stability was APPROVED.

**Secretariat**

#### **6 AOB**

The Board NOTED that the draft signed contract has now been received from the Belfast Bankers Clearing Company confirming their

commitment to become a contracted scheme to the Payments Council.

**Secretariat**

The Board NOTED that the current Payments Council Company Secretary will be relinquishing his post from the 1<sup>st</sup> May and that Mills and Reeves LLP will be appointed on an interim basis until a replacement is appointed. A resolution will be circulated to the Board formalising these arrangements.

Paul Smee advised the Board that the faster payments project is on schedule to deliver the new service on 27<sup>th</sup> May this year.

**7 DATE OF NEXT MEETING**

Tuesday 10<sup>th</sup> June 11am

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