

Minutes



17 December 2007

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To Payments Council Board

Our Reference PC/001/08

From Anita Heaviside
Board Secretary

MINUTES OF THE MEETING OF THE PAYMENTS COUNCIL BOARD HELD ON 17 DECEMBER 2007

Present: Brian Pomeroy Chairman

Professor Martin Cave	Independent Director
Michael Alexander	Independent Director
Stephen Locke	Independent Director
Moira Black	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

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

Volumes)		
Tony McLaughlin		Citigroup
Ron Delnevo		Bank Machine
Andrew Bailey		Bank of England (Observer)
Paul Smee		Chief Executive
Peter Finlayson		Payments Council
Hilary Plattern		Payments Council
Michael Chambers		Bacs Payment Schemes (Agenda item 3a only)
Ian Ellis		Bacs Payment Schemes (Agenda item 3a only)
Colin Whittaker		Payments Council (Agenda item 3d only)
Anita Heaviside		Payments Council Board Secretary

Apologies:	Juan Olaizola	Abbey
	John Hughes	Co-op
	Gary Hockey-Morley	The Royal Mail Group

1. WELCOME AND MINUTES

Action

The Chairman welcomed Kevin Gillett who has replaced Geeta Gopalan who has now formally resigned as a Director for HBOS. The Chairman conveyed his thanks on behalf of the Board to Geeta Gopalan for her time as a Board Director for the Payments Council.

Apologies and Proxies noted were:

Juan Olaizola (Abbey) – Nominated Proxy: Gerry Lane

John Hughes (Co-operative) – Nominated Proxy: Gerry Lane

Gary Hockey-Morley (Royal Mail Group) – Nominated Proxy: Tony McLaughlin

The minutes from the previous meeting of the 5^h November 2007 were APPROVED and will be posted onto the website.

Actions from the previous meeting had been completed. Paul Smee advised the Board that he was planning to launch Associate membership for the Payments Council at the January Payments Council Conference. The Chairman also advised the Board that, following the Board's discussion at its previous meeting, the OFT would be invited to meet the full Board at a future meeting.

2. FOR DECISION

a) To APPROVE the draft terms of reference for the Scheme Governance Review.

Paul Smee introduced this item by explaining that the review will address the outstanding commitment to the OFT to evaluate the suitability and feasibility of moving to a different structure in which the contracted schemes become subsidiaries of the Payments Council. The focus of the review would be on the relationship between the schemes and the Payments Council rather than the responsibilities of the Payments Council, which have already been determined.

During discussion of this item the key points made were:

- The Board needed to satisfy itself that it has the right relationship with the schemes;
- The review could cover some potential complexities concerning cost and liquidity management which should not be underestimated;
- The review should focus on meeting the commitment for the OFT but also, where relevant, consider wider issues such as the corporate structure and the potential for scheme consolidation;
- There was a need to carefully consider the enforceability of Payments Council decisions;
- There was a need to keep a strategic focus;
- The working group should keep the Board informed of high level conclusions as they emerge from the review;

The Board AGREED the terms of reference and that the working group should provide an interim report to the Board. It was also noted by the Board that the working group might conclude that it would be more appropriate to defer some aspects of the review.

3a. FOR DISCUSSION

Presentation from Bacs Payment Schemes

Michael Chambers (Bacs Payment Scheme Managing Director) gave a presentation to the Board covering a range of topics including a brief history of Bacs, membership of Bacs, Bacs Affiliates, key facts regarding transaction volumes, scheme performance, a brief summary of the current key developments and innovations as well as an overview of some of the training and education initiatives.

The Chairman thanked Michael Chambers for this presentation. It was AGREED that Bacs would share the consumer research it has undertaken on both the take up of Direct Debits and its research on financial inclusion, as this was relevant to the National Payments Plan.

In response to a question regarding capacity Michael Chambers confirmed that capacity constraints were not an issue for foreseeable future increases in volumes.

3b National Payments Plan (Update)

Peter Finlayson gave a short update on the National Payments Plan (NPP). The NPP public consultation was launched on 26 November as planned. Press coverage was minimal due to other significant press stories. However, there is much interest in the NPP and the planned conference in January is now oversubscribed.

The Chairman brought the Board's attention to a recent letter he had received from Kitty Ussher (Economic Secretary to HM Treasury), outlining some of her initial views on the NPP. The letter would be circulated to the Board for information.

Paul Smee confirmed that work was in hand seeking views from the wholesale market.

3c Update on Faster Payments

Paul Smee referred the Board to the status report that had been circulated to the Board. The reporting status remains unchanged. He advised the Board that testing on the central infrastructure components of the project is proceeding to plan, and the project was monitoring individual member project delivery schedules carefully.

The Board discussed the one issue that had been brought to their attention in the status report and AGREED that the Chairman should write to the bank concerned expressing the Payments Council's concerns.

Paul Smee

3d Annual Report on Cross Cutting Security Issues

Colin Whittaker (Head of Security) introduced the Information Security Advisory Group's Annual Report and highlighted some of the key issues. The following key points were made:

- There was a need for greater clarity on the division between the work of the Information Security Advisory Group (ISAG) and the Fraud Control Steering Group to avoid the potential for overlap and confusion.
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- It was suggested that ISAG could usefully undertake some work on industry standards for paper destruction and encryption.
- The industry should undertake some work on the potential issues that arise with a data protection breach such as the recent HMRC incident;
- Another area of potential work might be to look at the standards for sanctions in relation to money laundering and the role that a Payments Body might play;
- Industry work in developing future security standards should consider the needs of vulnerable consumers, with user friendliness being key.

The Chairman thanked Colin Whittaker for his report and the opportunity for the Board to provide direction on areas they considered to be important.

3e Payments Council – Branding

Paul Smee introduced this item. It is clear from discussions with various customer groups who buy services from AAL that there are significant differences of opinion on the continued use of the APACS name going forward. It is proposed to set up a working group to undertake some further work with a view to formulating a recommendation by the end of Q1 2008

The Board supported this work but commented that the review should not be unduly bureaucratic.

4 CONTRACTED SCHEMES

A Board member commented that the LINK scheme report contained a factual inaccuracy in referring to independent ATM deployers and that he would like LINK to consider its use of terminology going forward in the future.

The Board NOTED the contents of the contracted schemes quarterly reports.

5. AOB

A Board member suggested that the Payments Council could work more closely with SWIFT UK Board as a means by which to give the work of the Payments Council a wider global context.

With no further business, the meeting was closed at 12.40pm
