



Participant Advisory Council Annual Report

2019-2020

Contents

Introduction from the Chair	4
Strategic advice:	
- Enabling innovation in the market	6
- Payment types and payment volumes in the future	7
- Pay.UK's Corporate KPIs	9
- Feedback on the work of Pay.UK's Standards Authority	10
- Examination of Pay.UK's market catalyst decision-making framework	12
Looking ahead	14
Participant Advisory Council members	15

Introduction from the Chair



Welcome to the second annual report outlining the work of the Participant Advisory Council (the council) of Pay.UK.

The council was formed in 2018 and operates as a non-executive advisory group. Our key objective is to help improve the collaborative nature of the payments industry by representing the interests of participants and advising Pay.UK on the impact of its decisions on them.

Our work sees us advise, comment and make recommendations to Pay.UK on issues that are likely to be of current or future significance to participants in payment systems. We also assist Pay.UK as it seeks to find answers to participant challenges, ensuring an evidence-based approach to possible solutions.

Members of the council have been appointed because of their relevant experience and expertise rather than as representatives of their organisations. The purpose of their involvement is to share their individual insight, not to champion their organisation's interests.

In 2019 we carried on our progress from the previous twelve months and I strongly believe that our advice made a significant positive impact on Pay.UK's work over the year. We have had rich and valuable discussions during our meetings, on topics as varied as: enabling innovation in the market; the work of Pay.UK's Standards Authority; and Pay.UK's market catalyst decision-making framework. I am committed to ensuring that our contributions on these and other topics continue to add value.

In addition, we continued our good work with Pay.UK's other advisory council - the End User Advisory Council (EUAC) - to review and provide feedback on work concerning what the payments world might look like in 2030, which included contributions focused on what Pay.UK might need to do differently if such a vision came to fruition.

We are uniquely placed to ensure that the requirements and future needs of participants are taken into consideration by Pay.UK and I am pleased to say that, thanks to this, our work last year contributed to the formation and acceleration of a number of decisions made by Pay.UK.

Although this report mainly focuses on the work of the council in 2019, reference must be made to the Covid-19 pandemic that has dominated all aspects of life and work so far in 2020. Whilst it is too early to gauge the impact that this pandemic might have on our work, we collectively remain fully committed to making every aspect of our contribution more relevant and valuable than before.

To conclude, this report provides a brief overview of all of our work in 2019 and seeks to highlight what we have undertaken, what we have recommended and, ultimately, how we have made a positive contribution to the work of Pay.UK.

Jean-Yves Rotté-Geoffroy
Chair, Participant Advisory Council



Enabling innovation in the market

The input and expertise of the council was sought as Pay.UK considered its role relating to stimulating innovation in the market.

The council discussed the issue and reflected on the fact that innovation was only effective if executed properly and, therefore, that clarity was needed about what Pay.UK's precise role was with regard to enabling innovation in the market.

The council recognised that one of Pay.UK's challenges was enabling the market to take action in advance of regulatory intervention, so that the right actions were being taken before the market was instructed to do so. In light of this, the council advised that Pay.UK should nurture an innovative environment, without the need for regulatory involvement, enabling or acting as a catalyst, driving competition when necessary and encouraging participants to adopt changes.

The council was taken through the strategy being built to allow for horizon scanning and the assessment criteria to facilitate taking action where necessary. Feedback was provided to help focus attention on the important topics for the industry, with the council recommending that Pay.UK should:

- Stimulate rather than drive innovation
- Present ideas for innovation as well as problems that needed solutions

- Choose which future innovations were relevant as well as key implications regarding any implementation
- Identify problems and manage the impact of any large technological advances.



Payment types and payment volumes in the future

The council considered Pay.UK's initial work regarding how payments in the future might develop, and advised Pay.UK that:

- Robust forecasting was needed to determine the volumes of payments that would be processed via the New Payments Architecture. Pay.UK was asked to consider how it could create opportunities and incentives so that organisations would want to put their payments of the future through the New Payments Architecture
- Globally, institutions were examining why people used cash and the considerations included identity issues, convenience and access to technological alternatives
- Thought should be given to other criteria that would impact payments of the future, such as economic growth and other drivers outside payments such as the increased use of online payment platforms
- There was a need to foster and enable innovation, rather than coerce it.

Ultimately, the council concluded and recommended that it was important for Pay.UK to work with all relevant stakeholders to identify, understand and map out what the customer payment needs of the future could be.



Pay.UK's Corporate Key Performance Indicators (KPIs)

To help ensure it delivers its six strategic objectives (as set out in the Payment System Operator Delivery Group Report)¹, Pay.UK has produced a set of key performance indicators (KPIs) relevant to each of these objectives. Building on our contributions in this area from the year before, in 2019 the council was presented with ongoing work regarding these KPIs and the criteria supporting them.

The council's feedback included:

- Detailing why the objectives were important and would better crystallise what Pay.UK wanted to achieve
- KPIs should be considered that would encourage and incentivise, especially regarding innovation, agility and accessibility
- A risk appetite and a risk tolerance statement should be included with each KPI
- KPIs should reflect more specific accountability within the bounds of what Pay.UK could reasonably influence

- When measuring against a KPI it was important that the measures were against criteria that could be directly controlled and measured
- The consequences of what would happen if KPIs were not met should be considered
- A gap analysis should be carried out on the current state of the organisation's capability and where Pay.UK wants to be in the future.

The council also considered and gave feedback regarding:

- The different factors that could affect the KPIs from being achieved
- How outcomes could be measured for data-driven KPIs where the data would change from month to month.

¹ The PSODG was an independently-chaired body established by the Payment Systems Regulator (PSR) and the Bank of England in 2016. It was set up to consider issues relating to the potential consolidation of the governance of three payment system operators (PSOs): Bacs Payments Scheme Ltd (BPSL), the Cheque and Credit Clearing Company Limited (C&CCCL) and the Faster Payments Scheme Ltd (FPSL).

Feedback on the work of Pay.UK's Standards Authority

In 2019 the council was presented with an overview of the Standards Authority - established by Pay.UK to govern all aspects of the development, maintenance and modification of standards. The council heard that operation of the Standards Authority was set out in a 'Standards Framework' and that an Industry Standards Co-ordination Committee, which had representation across the industry, acted as an advisory body to the Standards Authority.

Key deliverables for the Standards Authority include the change management process and the adoption of the ISO 20022 standard in relation to the core clearing and settlement aspects of the New Payments Architecture. Oversight is provided by Pay.UK's Legal, Governance and Standards Committee (LGAS), which is a Board-reporting Committee.

The Standards Framework governs how the Standards Authority operates in the development and maintenance of standards. The Standards Framework has four core foundation principles at its centre (outcome focused, robustness and resiliency, interoperability, appropriate and proportionate) that can drive efficiencies in building standards.

The council advised that:

- A clear and detailed narrative was needed regarding all the standards that the Standards Authority is responsible for
- Clarity was needed about who standards were for and for what end they were being developed
- Standards should not be developed for the sake of it and governance should be built around the development process
- Having the right governance procedures in place would directly correlate to participant buy-in
- A system of checks and balances should be created for participants to adhere to in some aspects of standards, with a balance required between mandating standards alongside a purely outcome-focused approach
- The importance of interoperability should be noted; there was a need for common standards that would work across Europe and the US; with an increasing importance on 'commonality', as international payments are increasingly occurring in real-time.



Examination of Pay.UK's market catalyst decision-making framework

The council received details about Pay.UK's plans to fulfil its market catalyst role using a '*decision-making framework*' that would be used to evaluate ideas received from stakeholders concerning innovation in the payments 'ecosystem'.

An ecosystem was defined as including:

- Individuals, corporate entities, charities and government departments that make or receive payments
- Trade bodies and interest groups focused on particular stakeholders' interests
- Banks and other entities, as providers of payment-related services, to any of the above parties
- IT vendors that provide 'in' or 'for' the market infrastructure, networks, through which payments and/or related data flow
- Fintechs and other entities, including banks, that provide end users with enhanced experiences around payments and/or related data
- Those for whom the current payments landscape is materially sub-optimal or exclusionary, such as vulnerable consumers and the unbanked.

Regarding the decision-making framework, the council discussed and provided feedback on the following areas:

- How Pay.UK would rank or grade the importance of respective innovations, highlighting the necessity of having an early filter mechanism to ensure an effective 'triage' process was in place
- That the framework's purpose was not to facilitate the approval of innovation options, but to act as a filter and to validate BAU processes
- How, when applying the framework, Pay.UK should identify and address gaps in the payments ecosystem and whether it should be passive or active in the adoption of innovation
- The importance of establishing whether the adoption or activation of particular innovations was realistic for participants and the effect on their organisations that any implementation could have

- The importance of being able to demonstrate external, independent challenge and that the process for challenging the assessment stage of the decision-making framework lay with the Participant Advisory Council, the End User Advisory Council and the Pay.UK Board.

Going forward, it was acknowledged that there is a need for Pay.UK to measure what it has done and how it has become more innovative and agile. It was also noted that it was important for Pay.UK to be able to demonstrate that this framework had improved outcomes and effectively delivered '*the right outcomes for the right people*'.



Looking ahead

Whilst the council plays a key role in providing advice and guidance on Pay.UK's forward-looking agenda, it is also vital that the council reviews its own aims and objectives on a regular basis. To that end, members analysed the council's Terms of Reference in 2019 to make sure that its own working practices remained relevant and to reiterate how Pay.UK should interact with and take advice from the council.

As part of this review, the council invited its members to analyse what it needed to continue with and how it could adapt its operational practices to become even more effective.

The overall recommendations that emerged from the discussion were that Pay.UK should:

- Enable free and dynamic thinking at council meetings to ensure that members had the freedom to think about and discuss ideas outside of expected themes
- Remember that the council exists as an independent body providing independent challenge to Pay.UK, as well as highlighting the participant view on the development of strategy for themes affecting the industry; and not a forum for feedback on business as usual matters.
- Ensure it seeks and identifies the council's views on key, forward-looking industry themes, which will enable the council to genuinely add value and provide critical, strategic advice that helps to inform Pay.UK's decision making
- Ensure the continued attendance of Board directors and the chair of the End User Advisory Council at meetings
- Ensure it provides detailed feedback on progress made by Pay.UK regarding the specific advice and recommendations the council has previously provided

New Payments Architecture

In 2019, in addition to this review, PAC members had discussions with Pay.UK regarding the appropriateness of the council to contribute in detail to matters regarding the implementation of the New Payments Architecture (the modernisation of the UK's retail

payments infrastructure). It was agreed that - due to its focus on wider industry issues - the council was not the most suitable forum to provide feedback to the NPA Programme regarding this work. As a result, a new engagement body was created

- the NPA Strategic Participant Group (SPG) - to facilitate specific discussion around NPA delivery - allowing the council to continue its focus on broader industry issues, such as those highlighted in this report.

Participant Advisory Council Members



Jean-Yves Rotté-Geoffroy - Chair

Jean-Yves is an Independent Non-Executive Director of Pay.UK and Chair of the Participant Advisory Council. He has led procurement for some of the world's biggest brands and has extensive experience in post-merger value creation. After working on the external sourcing of innovation at P&G in the 1990s he joined InBev in 2002 as procurement director and later became part of the AmBev executive leadership team based in São Paulo. He then became Chief Procurement Officer at Cadbury and from 2011 until 2017 he served as Group Chief Procurement Officer at GSK.



Lana Abdullayeva

Lana is a Director at Lloyds Banking Group. Prior to Lloyds she worked for Experian, leading the development of data-driven client solutions. Lana has also worked in assurance and advisory at KPMG, payments, retail, corporate banking and capital markets across the globe with BP Treasury, TD Bank Group and Barclays. During 2015 to 2017 she was a member of the Payments Strategy Forum and played an influential role in shaping the future UK payments landscape, improving trust in payments and removing barriers to entry.



Dave Allen

Dave is a Founding Partner at Charteris Consulting. He has over 25 years' business and IT experience and has worked with all the major UK banks and many other financial institutions in both business development and delivery roles. Many of Dave's roles have been heavily focused on payments, mostly from a vendor perspective and he has held senior posts in equensWorldline, VocaLink, Coopers and Lybrand, Logica, Wincor Nixdorf and other IT consulting companies.



Marcia Clay

Marcia is Senior Vice President, Market Development for Mastercard UK, Ireland, Nordics and the Baltics. In this role she is responsible for developing and executing the Mastercard business strategy and development plans to drive market growth and performance. Previously, she managed key customer relationships at Mastercard. Before joining Mastercard, Marcia was Vice President, Client Development at First Data. Prior to this, she held a number of roles at American Express, leading new product development and marketing strategy with international market teams, expanding key industry relationships within the travel sector and developing the American Express card acceptance network.



Rebecca Clements

Becky is currently Director of Payments for UK Finance leading a strong team with deep domain knowledge delivering thought leadership on policy, working closely with regulators in the UK and Europe for the good of the membership. She is also a member of the SWIFT UK Board as an observer and represents the UK on the European Payments Council Board.

Becky has close involvement with the UK Payment Systems Regulator (PSR) and has sat on the Advisory Panel and the Payments Strategy Forum and chaired the Working Group for Implementation Planning for the New Payments Architecture, which was part of the Payments Strategy Forum set up by the PSR. She was also chosen to be part of the delivery group commissioned by the Bank of England and the PSR for the consolidation of the three retail payment schemes representing small and mid-sized financial organisations.



Gillean Dooney

Gillean runs Barclays' Current Account and FX business, which includes responsibility for the firm's Open Banking programme. A New Zealander, she spent 15 years at American Express working internationally across a variety of business areas before joining Barclays in 2015 to run their insurance business and in 2018 moved to her current responsibilities.



Simon Eacott

As Head of Product Development & Innovation for NatWest, Simon leads the payments customer centric innovation programme together with product / scheme responsibilities. Prior to this, Simon was Head of Design and Franchise Delivery leading teams to deliver transformational change to meet alternative state aid remedies with the European Commission and Her Majesty's Treasury following the decision to stand down the divestment of Williams & Glyn. Simon's current external responsibilities include being a member of the CHAPS Strategic Advisory Forum as well as having expertise in strategic change programmes, cash management sales, operations and product management.



Eddie Keal

Eddie is currently Client Executive Banking and Financial Markets UK, IBM. He is a long-term specialist in financial services with over 30 years of experience in the IT industry. He has worked in several sectors, including retail banking, life assurance, corporate and investment banking, post-trade securities services, payment cards and credit reference. He also has a keen interest in the roots of financial services in the UK, and their relationship with the social history of the country. His experience with IBM has taken him around the world with significant amounts of time spent in South Africa, Central and Eastern Europe and the major European economies.



Oliver Kirby-Johnson

Oliver is a partner at KPMG's Financial Services practice. Over the last 10 years his roles have included leading the UK industry delivery programme through public launch of the Faster Payments service, the SEPA implementation in a major bank, advising on implementation of instant payments in other countries and, most recently, as Program Director for the Australian New Payments Platform service, from initial mobilisation through implementation and public launch.



Jana Mackintosh

Jana is the Director of Government Affairs and Public Policy at FIS (including Worldpay from FIS), where she is responsible for delivering a global strategic policy programme. She joined Worldpay in 2017 after working with the UK regulators for several years. She has a particular focus on competition and regulatory policy, having worked across public and private sectors around the world. Over the last few years, Jana focused on shaping the development of payments regulation in the UK and Europe and continue to lead discussions on strategic and regulatory policy initiatives that shape the digital, trade and fintech agendas.



Nick Masterson-Jones

Nick is a consultant at Charteris, where he provides services in the areas of expert witness, project and programme management, interim management, IT strategy and due diligence. He has been CIO of a range of organisations, including UK challenger bank Monzo, Western Union Business Solutions and Travelex. Prior to this Nick spent eight years at Vocalink as Managing Director of their Transaction Services business unit, covering the Bacs Payment System and Faster Payment System.



Nick Middleton

Nick is a payments and Open Banking consultant. Nick brings 20 years of experience in the banking sector, having worked at Virgin Money as the Strategic Payments Director, where he was responsible for defining the strategy and underlying architecture required to support the bank's payments infrastructure. He has also worked at TSB Bank, Nationwide Building Society, Lloyds Banking Group and RBS. Nick started his career as a developer, moved on to software architecture, project management and programme management.



Andrew Pearce

Andrew joined HSBC as Global Head of Payments in June 2017 from National Australia Bank where he was the Executive General Manager, Operations. He led the HSBC payments team of more than 3,300 colleagues managing around 4.4 billion transactions a year. In March 2019 Andrew was appointed Global Head of Operations Transformation. His team are revolutionising operations through a combination of innovative digitisation of end-to-end processes, technology improvement and automation. During nine years at National Australia Bank, Andrew led Customer Payments and Processing Operations for Personal and Business Banking, Collections and Fraud, Shared Services and Customer Contact Centres. A chartered accountant who has lived and worked in Australia, UK, Singapore and Hong Kong, Andrew founded an environmental start-up business in Australia before joining the banking industry.



Lars Trunin

Lars is the UK Product Manager at TransferWise, responsible for the movement of sterling to and from the United Kingdom. Most recently, he led the initiative of TransferWise joining Bank of England's Real-Time Gross Settlement (RTGS) system as the first Non-Bank Payment Service Provider and as a direct participant of the Faster Payment System. Before TransferWise, Lars founded Raudwara, an Estonian publishing house, authored several best-selling books in mathematics, and worked with the Walt Disney Company on a strategic consulting project in Africa. He holds an MBA from Saïd Business School, University of Oxford.



Robert White

As Head of Payments for Santander UK, Robert was responsible for the services and strategy for the core payments infrastructure, including shaping a new domain vision. He also leads the engagement with industry on collaborative ventures, payment system operators and regulators in the UK and abroad. He has a broad experience of product and infrastructure development, including recently leading Open Banking and PSD2.

Email enquiries@wearepay.uk
Telephone +44 (0)20 3217 8200

Address 2 Thomas More Square
London E1W 1YN

www. wearepay.uk