



Participant
Advisory Council
Annual Report

April 2021 to March 2022



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Foreword

Foreword



Welcome to the fourth annual report outlining the work of Pay.UK's Participant Advisory Council (PAC) from April 2021 to March 2022.

In 2021 Pay.UK embarked on an external stakeholder engagement review. Industry engagement needed to be reformed to ensure that there was a representation model that reflected the breadth and diversity of our developing ecosystem. This review has now been concluded and the decision has been made to create a new Industry Advisory Council to replace the Participant Advisory Council. Further information on this new forum may be found on page 8, Stakeholder engagement.

We are pleased with the valuable input we have been able to provide to inform and guide Pay.UK during the past three years. Throughout 2021 we continued to operate as a non-executive advisory group, advising on issues which were pertinent to customers and we were delighted to be able to provide valuable insight on both internal and externally facing work.

This work included the development of Pay.UK's house views, its revised strategy and organisational culture. We also advised on fraud prevention activities and helped with the promotion of products and market testing.

This report highlights our work across the year and contributions towards the evolution of the payments ecosystem.

Jean-Yves Rotté-Geoffroy
Chair
Participant Advisory Council

Strategic advice

Pay.UK strategy

Creation of the Participant Advisory Council and the End User Advisory Council was detailed within the 2017 PSO Delivery Report. More recently the payments landscape has become increasingly complex. As a result, Pay.UK has a new strategy and is committed to a platform leadership role.

In 2021 we continued to advise Pay.UK regarding the refresh of its vision and purpose and to embed a new strategy framework which would accommodate a more proactive position with regard to future technologies. Pay.UK sought to develop new strategic goals and deeper engagement with customers, end users and groups to develop market intelligence. This in turn would feed into Pay.UK's house views and inform the new strategy.

Strategic advice from PAC included the need for a measurable growth objective to drive discussions about providing new services. We were asked to comment on the regulator's requirement for account-to-account payment providers to make available viable alternatives to card payments for end users and businesses. We advised that Pay.UK could influence changes to the structure to make instant payments available at the point-of-sale as part of Pay.UK's purpose of giving the end users greater choice in how they choose to pay.

We also suggested that Pay.UK's unique role involving data should be optimised to show how it could use data to deliver its strategic goals. Pay.UK confirmed that it would enhance this area of its strategy.

The Council observed a need for more content on the development of skills for the future to inspire colleagues and we are delighted to see Pay.UK developing their plans to build and retain talent.



House views

In early 2021, Pay.UK set out its draft family of house views for PAC comment. Pay.UK explained that the house views would drive the implementation of the new strategy using research, horizon scanning, subject matter expertise and access to key stakeholders to build out and update those views.

There followed a deep dive into house view 2: The future of money (digital currencies including central bank digital currencies) and we were delighted to welcome the Head of Financial Services Advisory at KPMG Singapore as a guest to give his expert view on the potential impact of digital currencies. At that PAC meeting there was discussion about economies becoming more digitised, the increasing use of platform-based business models and developments around payment wallets and supply chains. It was also noted that legacy institutions were focusing on how to stay relevant by playing a part in the new financial system as it evolved in South East Asia, driven largely by China.

PAC highlighted that as the worldwide ecosystem providers were increasingly investing in this space, it was likely to change the behaviour of customers. Pay.UK were advised to monitor the progress of cryptocurrency in China, the euro coin in Europe, the capabilities of the Diem currency (formerly known as Libra) and the UK Government role in supporting digital currencies. It was also worth considering whether the Government would develop technology drives or be a net receiver of technology from Europe, the US and China.

PAC members considered the potential debate with central banks worldwide around sustainability, and how the emerging carbon footprint of cryptocurrencies would impact mainstream adoption in the future. It was suggested that a cost-benefit analysis would be needed for the required data centres, and it was broadly agreed that a positive co-existence between centralised and legacy finance systems could be achieved with pro-active and collaborative action. However, a balance needed to be found between social purpose and commercial benefits.

We also reflected on the different types of digital identity required to support cryptocurrency which could potentially be driven by corporates with standards setting being key. Pay.UK was considering

how active it wanted to be in driving innovation based on the balance of capabilities and PAC suggested being mindful of any industry overlap with the work of UK Finance in this area.

Further observations on the future of money included the need to include more detail on anti-money laundering, terrorist financing, financial crime and know your customer regulations.

It was thought that house views should be informed by the approach to the New Payments Architecture (NPA) programme design and it was important to have a parallel view relative to the emerging developments of digital currencies for any modernising of the existing interbank infrastructure.

In June 2021 PAC gave feedback on house view 6: Driving out bad money and commented on the response to the Payment System Regulator's (PSR) call for views on Authorised Push Payments (APP) scams. PAC discussed Pay.UK's role and development of solutions to APP scams. It was pointed out there was a need to ensure that various crime and fraud teams were involved, with focus on prevention to take priority over reimbursement. The PSR should use its powers to mandate oversight and enforcement of reimbursement of customers. PAC considered that Pay.UK's engagement should lead on from the work of the PSR. There should be a scheme that customers choose to join rather than by any mandatory force, with the provision of consumer protection being a driver for consumer business. The UK needed an appropriate funding and liability model and PAC acknowledged that Pay.UK had a role in prevention and detection of scams, currently exercised in part through Confirmation of Payee (CoP). It was also noted the role that the NPA could play in harnessing enhanced data.

The legal liability framework was an important aspect of any solution for driving out bad money along with shaping best practice. This was an area of payments requiring constant innovation. CoP provided the opportunity for interaction which could be used for data sharing and consistency.

Culture and the North Star programme

In December 2021 as part of the regular updates from the Pay.UK CEO, PAC was pleased to receive an update on the North Star programme which Pay.UK established to implement the strategy and establish the organisation's direction for the next five years.

The programme was focused on operationalising the strategy, reviewing the organisational design, processes and technology in order to drive efficiencies and to be well positioned to deliver Pay.UK's strategic objectives. Industry engagement was also a major focus for the programme.

As part of the programme, PwC supported the North Star team to carry out a culture survey involving Pay.UK colleagues to benchmark against other organisations. Pay.UK colleagues identified respect, transparency, constructive challenge, inclusivity and curiosity as corporate values to be embedded within Pay.UK's renewed strategy.

Stakeholder engagement

Published in 2017, the Payment System Operator Delivery Group Report outlined the creation of the Participant Advisory Council and the End User Advisory Council to advise Pay.UK on operational and policy matters. In September 2021, as part of the implementation of its strategy, Pay.UK embarked upon a review of its stakeholder forums, in line with its new strategy, considering the purpose, focus and make-up of the forums.

In February 2022, Pay.UK provided PAC with an update on its review. Following PAC feedback, it was agreed that a single Industry Advisory Council (IAC) would be created that would facilitate wider engagement across the industry, whilst the Strategic Participant Group (SPG) would continue with its more focused, narrower remit.

Regarding the implementation of the NPA, PAC input on procurement had been impactful but the Council welcomed clarification regarding which NPA topics were discussed in which forums.

PAC was keen to see customer engagement continue regarding the risks around: the retirement of Internet Explorer (IE11); the security of Cloud technology, and how it could help the payments ecosystem to evolve. We advised Pay.UK to consider

how the Cloud could be included in its bespoke infrastructure and to identify opportunities to become a driving force in its implementation.

We also suggested that Pay.UK included vendor engagement as an area within the core principles of engagement since many innovations were driven by vendors and Pay.UK agreed to make this more explicit under market development. Further collaboration was necessary to stimulate growth in Open Banking payments and reference was made to the effectiveness of 'hackathons' as one such engagement tool.

PAC welcomed the evolution of the stakeholder engagement forums and held its last meeting in February 2022.



Policy and product development

Market testing

At the end of 2021 Pay.UK set up a new Business Development team using existing resources to drive market testing activity and invited PAC member views on how to move this forward.

The Council welcomed the formation of this team and suggested that resources should be dedicated to driving the popularity of the PayM scheme ahead of implementation of the NPA. In addition, products such as the Image Clearing System (ICS) and Request to Pay would benefit from being put into better context.

We also advised that advisory groups should be used to provide recommendations and help with making decisions regarding whether a product was good for the industry with support from at least two or three main participants before launch.

Consultation with customers and use of benefit cases and proof of concepts were important to understand the needs of the industry. PAC advised that Pay.UK could provide viable consumer protections and with Open Banking in existence it should provide a channel to direct more volume towards the Pay.UK platform.

Fraud prevention

Pay.UK introduced its fraud overlay concept to PAC in June 2021. The Council was asked if it supported its development as a solution, and what more Pay.UK could do through utilising data. PAC suggested that Pay.UK develop an ecosystem position with a rule book as standard and enhance the next generation of CoP.

Pay.UK had collaborated with fraud representatives at the Customer Engagement Forum in November 2021. The outcome of a survey carried out in that forum recommended that Pay.UK continue work on fraud activity alongside UK Finance and law enforcement agencies. The Pay.UK fraud programme would coordinate with UK Finance through a fraud prevention steering group to integrate activity into a single forum. There would be focus on analysing data to monitor the disbursement of money, whilst paying particular attention to the General Data Protection Regulations (GDPR). Legal work was being carried out to draft the changes required for the three payment schemes – FPS, Bacs and ICS – and consultation with each customer’s legal team would commence in early 2022. Conversations were also being held with Vocalink and other technology providers to analyse the data which could support customers in their risk decisions for future transactions.



PAC welcomed Pay.UK's interaction with UK Finance and law enforcement agencies. Further areas of discussion included the legal ownership of data, carrying out direct participant impact assessments, investigating the use of payment purpose codes with UK Finance and the evolution of the NPA programme's use of enhanced data.

It was agreed that Pay.UK would obtain an Information Commissioner's Office (ICO) statement on Pay.UK's adherence to data protection for fraud prevention and, with PAC involvement, a UK Finance working group had recommended that proof of concepts should be directed at the end users seeing more data rather than only the banks.

Pay.UK's final February 2022 update to PAC on fraud prevention activity in collaboration with UK Finance reported that:

- The enhanced fraud data standard had been launched in February 2022.
- Pay.UK was working with the PSR and Her Majesty's Treasury regarding reimbursement to understand what legislation was needed.
- CoP was being extended to a wider group of users and taking on board change-of-use requests to prevent fraud and misdirection of payments.
- Work was underway with legal counsel for Pay.UK to access data across all customers. The ICO would determine for what that data could be used and appropriate access requirements.



Council members



Participant Advisory Council members

Jean-Yves Rotté-Geoffroy

Jean-Yves was an Independent Non-Executive Director of Pay.UK until he stepped down from the Board in November 2022 and Chair of the Participant Advisory Council until its conclusion in March 2021. 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 through 2017 served as Group Chief Procurement Officer at GSK.

Dave Allen

Dave is a Founding Partner at Charteris Consulting. He has over 25 years' business and IT experience and has worked with most of 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 & Lybrand, Logica, Wincor Nixdorf and other IT consulting companies.

Dave is also the Co-Founder and Deputy Chair of the Payments-ID working group which comprises senior representatives from the payments community working towards a Digital Identity Scheme.

Kyle Callender

Kyle runs Payments at Monzo including responsibility for the firm's Payments infrastructure, Open Banking infrastructure, and Savings Marketplace. Originally from the USA, Kyle has spent his entire career in banking and fintech, working in the CDO team at US Bank 2007-2010 and at Square in numerous roles across Finance, Business and Operations from 2010 to 2019 before joining Monzo at the end of 2019. Kyle is also a Partner in Unwritten Wines.

Marcia Clay

Marcia is Senior Vice President, Market Development for Mastercard UK, Ireland, Nordics and 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 and then prior to this, 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.

Marcia stepped down in December 2021.

Becky Clements

Becky is Head of Industry Engagement at Pay.UK. Becky has extensive experience of working with the payments industry and delivering long-term, sustainable value to both customers and business. In her previous role and as a PAC member, she was director of Payments for UK Finance. She was also a member of SWIFT UK Board as an observer and represents the UK on the European Payments Council Board. Becky has close involvement with the UK Payment System Regulator (PSR) and has sat on its advisory panel and also on the payments strategy forum, chairing the working group for implementation planning for the New Payments Architecture. She was also part of the Payment System Operator Delivery Group commissioned by the Bank of England and the PSR to enable the creation of Pay.UK, and the Bank of England Advisory Board for the replacement of RTGS. At Metro Bank Becky was Head of Industry Engagement, responsible for payments and card change activity, as well as leading industry and third-party engagement.

Becky stepped down from the Council in December 2021 and joined Pay.UK in April 2022.

Julian David

Julian is the CEO of techUK, the Digital Technology Trade Association. Julian leads techUK's 60-strong team in representing 850 member-companies, comprising Global and National Champions and more than 500 SMEs. He is a member of the UK Government and Industry Cyber Growth Partnership, the Digital Economy Council and the Department of International Trade's Strategic Trade Advisory Group. He is also the vice president for National Trade Associations on the executive board of DIGITALEUROPE and vice president representing Europe on the board of WITSA, the Worldwide IT Association. He is also a Member of the Board of the Health Innovation Network, the South London Academic Health Science Network.

Participant Advisory Council members

Gillean Dooney

Gillean runs Barclays' current account and FX business, which includes responsibility for the firm's Open Banking programme. 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

Simon has extensive experience in the payments industry, with expertise in strategic change programmes, cash management sales, operations and product management. He is currently head of payments for NatWest Group, responsible for setting the Group's payments strategy including, product and scheme management, operations and innovation.

Previously the head of product development and innovation, Simon led the payments customer-centric innovation programme together with product/scheme responsibilities. Prior to this role he 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 joined RBS in 1994 from HSBC where he held various leadership roles in payments and cash management. Well known and respected at industry fora, Simon is chair of the SPG at Pay.UK and has recently taken up a position as an Advisory Board member of Pennies (pennies.org.uk).

Eddie Keal

Eddie is 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.

Oliver Kirby-Johnson

Until his retirement Oliver was a partner at KPMG's financial services practice. His roles have included leading the UK industry delivery programme through public launch of the Faster Payments System, 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 managing director for payments and innovation at UK Finance where she leads discussions on the payments, fintech and digital agendas. Her previous roles include leading the Worldpay, then FIS, Global Government Affairs team, shaping competition and regulatory policies at the Financial Conduct Authority and Payment Systems Regulator, and supporting companies across public and private sectors in several markets at KPMG. She has added commercial credentials, delivering and implementing policies in practice, holding several board positions and working with a number of charities.

Michael Mueller

Michael set up Form3 after spending more than 25 years in executive positions with Deutsche Bank, Royal Bank of Scotland and Barclays. Most recently, he was global head of cash management and a member of the corporate banking executive at Barclays, where he had responsibility for the product management and distribution of the bank's payment, corporate deposit and customer access products. For many years Michael has been passionate about driving digital change and innovation in global banks and has sponsored many key initiatives in this area, including white-labelling, biometric security, and mobile payment/banking technology.

Re-engineering payment back-office systems in response to industry developments, customer demand, capacity constraints, cyber threats or cost challenges has been a strong focus of Michael's work during his time in financial services and as the CEO of Form3.

Tim Pigott

Tim has followed his passion for payments in the UK by being involved across many of the industry's collaborative developments, with related interests spanning customer service and operational risk, especially economic crime. Having established Nationwide's first payments security function he now leads payment industry engagement, bringing a mutual perspective to the UK's payments community. Tim is a member of both the Payments and Economic Crime Product and Service Boards at UK Finance and chairs its Interbank Payments Policy Committee.

Connecting with public policy, regulation and payment system operators such as Pay.UK, Tim has been directly involved in bringing to life services such as Confirmation of Payee and remains closely connected to the PSR since working on the Payments Strategy Forum, particularly on the proposals for the NPA.

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.

Li Yeoh

Li is Head of Financial Crime Technologies at Lloyds Banking Group with responsibilities for group-wide anti-money laundering, sanctions and customer due diligence applications having previously led the IT delivery of financial crime, payments, mortgages and internet banking at Lloyds Banking Group. Previous to this role, Li spent 12 years at Accenture implementing IT and business programmes at banking and capital market clients in London, Frankfurt, Hong Kong and Kuala Lumpur.



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