

## Pay.UK Limited

Minutes of the Board meeting held on 26 February 2025 at 11:00 hrs at 2 Thomas More Square, London, E1W 1YN and via Teams

Members		Attendees	
Mark Hoban (MGH)	Pay.UK Chair	Sam Cope (SC)	Head of Regulatory Affairs (from 25/18)
Anna Bradley (AB)	Senior Independent NED	Elizabeth Darkens (ED)	Senior Manager – Strategic Policy (25/17 only)
Diane Côté (DC)	Independent NED	Tessa Lyndon-Skeggs (TLS)	Consultant – Strategic Policy (25/17 only)
Helen Crooks (HC)	Independent NED		
Michael Ellis (ME)	Chief Financial Officer	David McPhee (DM)	Chief Policy & Engagement Officer
David Pitt (DP)	Chief Executive Officer		
Spiros Theodossiou (ST)	NED	John Mowat (JM)	Head of Strategic Policy (25/17 only)
Lars Trunin (LTR)	NED	John Pawley (JP)	Senior Manager – Regulatory Affairs (from 25/18)
Ajay Vij (AV)	Independent NED		
Peter Wyman (PW)	Independent NED (until 25/18)	David Morris (DMO)	Chief Operating Officer
		Aaron Gallagher (AG)	Deputy Company Secretary
		Maria Willis (MW)	Company Secretary
Apologies:		Externals	
Mark Brant (MB)	NED	Daniel Kirkbride (DK)	Bank of England (item 4)
Lesley Titcomb (LT)	Independent NED	Malcolm Long (ML)	Bank of England (item 4)
		Simon Morley (SM)	Bank of England (item 4)

### 25/16 Opening Business

#### Quorum and welcome

- 25.16.1 The Chair confirmed a quorum was present. The Chair welcomed ST to his first Board meeting as a member of the Board. Apologies were noted from MB and LT.

#### Conflicts of Interest

- 25.16.2 The Chair reminded directors that they were required to declare their interests in relation to any proposed transaction or arrangement with Pay.UK. No new interests were declared.

*DM, JM, ED and TLS joined the meeting*

### 25/17 Pay.UK Reform

- 25.17.1 Slides to facilitate the discussion, which had not been included within the meeting pack, were shared onscreen. The Chair summarised the first slide which included three key questions that the Board would be asked to consider.

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### Pay.UK acting beyond its 'traditional' role

- 25.17.2 The slide outlined Pay.UK's role and responsibilities centred across three functions, which had been established during previous Board meetings. These included elements of Pay.UK's role that were agreed and accepted, such as on systemic risk, and others where Pay.UK could not act unless there was a regulatory mandate. The Board discussed the third function which sought to clarify Pay.UK's role as a Payment System Operator (PSO) in driving enhancements to its services to deliver the best outcomes for end users and the ecosystem.
- 25.17.3 HC commented that the slides set out Pay.UK's position clearly; the challenging aspect would be how Pay.UK got these three functions to operate effectively.
- 25.17.4 AV supported Pay.UK expanding its remit as long as Pay.UK had the competencies and capabilities to deliver, emphasising the importance of developing the narrative which would enhance stakeholder confidence that Pay.UK would be able to deliver value.
- 25.17.5 Referring to the use of interbank terminology, ST enquired if interbank excluded a focus on retail payments. JM responded that this was not deliberate and suggested replacing interbank with retail payments.
- 25.17.6 AB enquired whether the term 'user experience' related to end-users, customers or both. ED responded that this related to end-users as opposed to customers. To avoid misinterpretation AB recommended that Pay.UK used the end-user terminology going forward.
- 25.17.7 LTR advised that it was important to consider each specific point of clarity from three separate angles, namely how does Pay.UK prevent volume from leaving its rails, create cost efficiencies and increase payment volumes. Doing so would support future Return on Investment (ROI) conversations. AV suggested that Pay.UK articulated and quantified value creation as this was what its stakeholders were likely to be interested in.
- 25.17.8 DC highlighted the need to ensure all areas identified were future proofed, particularly in the event the UK economy moved towards a digital money environment. DM provided the Board with assurance that each area had been tested with future proofing in mind.
- 25.17.9 The Chair concluded the discussion on the first Board question by requesting that references to 'retail payments' and 'end-users' be embedded to replace 'interbank' and 'user experience' terminology. **ACTION: JM**
- 25.17.10 Subject to these amendments, the Board **supported** Pay.UK acting beyond its traditional role.

### Decision-making framework

- 25.17.11 The Chair sought clarity regarding what "Voyager" proposals meant. DMO advised that these referred to the contract extensions and near-term enhancements.
- 25.17.12 LTR erred caution against creating a decision-making framework which resulted in Pay.UK being unable to make changes without receiving unanimous approval from customers. The Chair agreed noting that this was the position Pay.UK had become accustomed to.
- 25.17.13 With reference to a recent meeting with the Bank of England (BoE), HC highlighted the importance of ensuring that Pay.UK considered its remit, not just in terms of product architecture but also in terms of the wider ecosystem perspective, in addition to being clear regarding what areas Pay.UK would, and would not, play a role in.

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- 25.17.14 PW noted that it was unusual for an organisation like Pay.UK to have the powers and responsibilities it needed, as these were more closely attributed to a statutory body. He commented that there were currently expectations from the regulators on what role Pay.UK should play. With this in mind, Pay.UK needed to clearly articulate what it was expected to do and the powers it needed to deliver against these expectations.
- 25.17.15 On the point that ‘engagement reflected the full market’ AB recommended providing clarity on what the word engagement meant. She noted that engagement with customers was often different to engagement with end-users. The Chair agreed adding that this needed to consider the formality of engagement. JM agreed to clearly articulate the word engagement within the decision-making framework and address the point made regarding the formality. **ACTION: JM**
- 25.17.16 The Board requested that the ‘Engagement reflects the full market’ bullet point be reworded as it was a potential slowing factor. ED responded that it was deliberately high level and principle based to establish a broad steer before developing processes. She agreed to amend the wording. **ACTION: ED**
- 25.17.17 In relation to the appeal mechanism within the ‘accountable’ bullet point the Board considered whether this should be considered from both sides to allow Pay.UK to hold the industry to account. JM agreed advising that both sides needed to work in balance.
- 25.17.18 [Redacted – commercially sensitive].
- 25.17.19 Subject to greater clarity relating to engagement and the grounds of appeal, the Board **supported** the decision-making framework.

### Emerging external reform considerations

- 25.17.20 The Board considered the merits of the ‘preferred position’ and the ‘potential fallback position’ relative to Pay.UK’s current position. The Board considered it appropriate not to compromise and agreed that Pay.UK should push for the preferred option. The Chair advised that this was a unique opportunity and asked that the strengths and weaknesses of both the ‘preferred position’ and ‘potential fallback position’ be outlined. **ACTION: JM**

### *PW left the meeting*

- 25.17.21 In response to a query, DP confirmed that Pay.UK had pre-empted questions from the regulators on both positions. However, the discussion would be focused on if the regulators did not grant Pay.UK the powers it needed, what would this mean for its role. Without these powers there would be an expectation on the regulators to mandate change. If Pay.UK was granted the powers it required, the next phase of discussion would involve funding.
- 25.17.22 DP noted that during the most recent Strategic Participant Group (SPG) meeting a question was asked regarding what would happen during instances where the customers failed to reach a consensus. DP responded that it would mean changes were delayed or stopped. Simon Eacott, Chair of SPG, recognised this as a recurring issue and requested that this point be reflected within Pay.UK’s submission.
- 25.17.23 AB recommended that a distinction needed to be developed between what Pay.UK needed to raise finance for the first few deliverables on the executable plan, and those activities Pay.UK would need to continue to invest in and develop. **ACTION: JM**

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25.17.24 Following due consideration, the Board **supported** the reform asks based on the preferred option.

*JM, ED and TLS left the meeting  
SC, JP and LLR joined the meeting.*

### **25/18 Pre FMID discussion**

25.18.1 The Chair advised that the purpose of this item was to anticipate questions from the BoE following receipt of their Annual Risk Review (ARR) letter. [Redacted – commercially sensitive].

*SM, DK, ML joined the meeting*

### **25/19 Bank of England Annual Risk Review of Pay.UK**

25.19.1 The FMID supervision team presented the 2024 ARR of Pay.UK. SM explained that the letter sent on 7 January 2025 set out any risks that Pay.UK as a Financial Market Infrastructure (FMI) may pose to the BoE's objectives, actions they expected Pay.UK to undertake to manage those risks and the supervisory strategy for Pay.UK. This meeting provided the opportunity to discuss the contents of the letter to ensure expectations were aligned.

25.19.2 SM highlighted the positive findings in terms of good operational performance, maintaining the availability of Bacs and the Faster Payment System (FPS), notwithstanding the challenges posed [Redacted – commercially sensitive].

25.19.3 FMID viewed 2025 as another significant year for Pay.UK with further work needed to bring risks within FMID's risk appetite; it expected a pro-active approach to facing into the challenges.

25.19.4 [Redacted – commercially sensitive].

25.19.10 The Chair thanked FMID for their overview and noted the challenges of maintaining a robust, resilient infrastructure whilst managing infrastructure renewal. [Redacted – commercially sensitive].

*MW left the meeting*

25.19.15 [Redacted – commercially sensitive].

*SM, DK, ML left the meeting*

### **25/20 Post FMID discussion**

25.20.1 [Redacted – commercially sensitive].

25.20.6 The Board considered the ARR letter and formally **agreed** its acceptance of the actions proposed by FMID.

25.20.7 The Chair summarised that he would respond to FMID to accept the ARR recommendations. [Redacted – commercially sensitive].

### **25/21 Any Other Business**

25.21.1 There being no further business the meeting closed at 13:25pm.