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Pay.UK Limited

Minutes of the Board meeting held on 29 January 2025 at 10:45 hrs at 2 Thomas More Square, London, E1W 1YN and via Teams

Members		Attendees	
Mark Hoban (MGH)	Pay.UK Chair	Euan Ballantyne (EB)	Head of Product & Insight (minute 25/07)
Anna Bradley (AB)	Senior Independent NED	David Chandler (DCh)	Director of Finance (minute 25/09)
Diane Côté (DC)	Independent NED	Elizabeth Darkens (ED)	Senior Manager – Strategic Policy (minute 25/05)
Helen Crooks (HC)	Independent NED	Keith Files (KF)	Programme Director (minute 25/08)
Michael Ellis (ME)	Chief Financial Officer (recused for 25/02 – RemCo)	David McPhee (DM)	Chief Policy & Engagement Officer (minute 25/05)
David Pitt (DP)	Chief Executive Officer (recused for 25/02 – RemCo)	John Mowat (JM)	Head of Strategic Policy (minute 25/05)
Lesley Titcomb (LT)	Independent NED	Lone Le Roux (LLR)	Chief Risk Officer (minute 25/10-11)
Lars Trunin (LTR)	NED	Aneet Morar (AM)	Interim Chief Product Officer (minute 25/07)
Ajay Vij (AV)	Independent NED	David Morris (DMO)	Chief Operating Officer (recused for minute 25/02 – RemCo)
Peter Wyman (PW)	Independent NED	Sherree Schaefer (SS)	Chief People & Culture Officer (minute 25/12)
		Tyron Williams (TW)	Head of ESG & Colleague Experience (minute 25/12)
		Aaron Gallagher (AG)	Deputy Company Secretary
		Maria Willis (MW)	Company Secretary
Apologies:		Externals	
None		Mark Brant (MB)	NED designate (recused for 25/02 – NomCo)
		Sue Yarham (SY)	SPG Deputy Chair, HSBC (minute 25/06)
		Elizabeth Stewart (ES)	Odgers
		Spiros Theodossiou (ST)	NED designate (recused for 25/02 – NomCo)

PUBLIC

25/01 Opening Business

Quorum and welcome

- 25.01.1 The Chair confirmed a quorum was present. The Chair welcomed ES from Odgers who was observing as part of the Board Effectiveness Review. He noted that MB and ST would join the meeting as observers.

Register of interests and register of gifts and hospitality

- 25.01.2 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.

25/02 Committee Reports

Nomination – 04.12.2024

- 25.02.1 The Chair advised that following the resignation of Marc Pettican (MP) from Barclays in December 2024 he had written to each of Pay.UK's large participant stakeholders inviting interest. During Q4 2024 applications were also invited for an additional NED to represent Pay.UK's medium participant group, thereby increasing the current NED representation to three from early 2025.
- 25.02.2 Following consideration of the rationale for the two NED appointments, as outlined in the paper, the Board **approved** the appointment of Mark Brant (MB) and Spiros Theodossiou (ST) with effect from 1 February 2025.

MB and ST joined the meeting

ME and DP left the meeting

Remuneration – 29.01.2025

- 25.02.3 AB provided a verbal update [Redacted – commercially sensitive].
- 25.02.11 AB concluded her update by noting that the agenda item to agree the 2025 Corporate KPIs had been deferred to the February meeting.

DP and ME re-joined the meeting

DMO joined the meeting

25/03 Stakeholder Engagement

Customer Bilateral summary

- 25.03.1 The Board noted the Stakeholder Engagement update which included summaries relating to customer bilateral meetings between November – December 2024, the Customer Engagement Forum (CEF) meeting held on 11 December 2024 and the Strategic Participant Group (SPG) meeting held on 26 November 2024. No comments were received.

25/04 Chief Executive

CEO report

- 25.04.1 DP provided a summary of activities across the Executive team, and his own broader reflections, which covered the period from 1 November to 31 December 2024, in addition to key updates from the start of January 2025. He highlighted that since the start of the year Pay.UK had seen stronger engagement from Vocalink and held positive conversations with their new Executive Chair [Redacted – commercially sensitive].
- 25.04.4 DP informed the Board that the processes for the appointments of the new Chief People & Culture Officer and the newly created Chief Strategy & Product Officer role had now concluded. Nicola Lipson would be replacing SS and David Crawford would be replacing the CBDO role Kate

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Frankish vacated at the end of 2024. Both appointments would commence at the beginning of March.

- 25.04.5 DC informed the Board that she had never seen a company go from a risk maturity level of 1.5 to a level 4 within a three-year span. She congratulated all those involved in leading risk management at Pay.UK on delivering this impressive outcome. DP commented that he would convey this feedback during the Executive Risk Sub-Committee (ERSC) meeting.
- 25.04.6 Referring to the word ‘co-creation’ which had been referenced in connection with the National Payments Vision (NPV) the Board erred caution on use of this terminology given it could be interpreted in different ways by each stakeholder involved. AV emphasised the need for Pay.UK to be very intentional in what co-creation meant.
- 25.04.7 The Board observed that the content of what had been included within FMID’s Annual Risk Review (ARR) letter was positive. Whilst judgement would ultimately be based on actions rather than words the ARR provided assurance that the relationship with the regulator had improved.
- 25.04.8 Following a question regarding whether there had been any indication of significant change in the growth agenda following recent communications from the chancellor, DP responded that this was not the case. He added that Pay.UK’s focus remained on moving with speed, but control, to support growth. [Redacted – commercially sensitive].
- 25.04.9 The Board asked if there was a mechanism in place with which it could assess, in real time, the health of the relationship between Pay.UK and Vocalink. DP agreed to develop a checklist, or barometer, to assess the real time status of Pay.UK’s relationship with Vocalink from a ‘feel’ as opposed to a process perspective. **ACTION: DP**
- 25.04.10 [Redacted – commercially sensitive].

KPIs

- 25.04.11 Referring to the conversation regarding the need to assess Pay.UK’s relationship with Vocalink based on ‘feel’ as well as process the Board recommended that this same approach be embedded for the KPIs. The KPIs should not be focused solely on hard metrics but also softer indicators representing accomplishments Pay.UK should aspire to. **ACTION: DP**
- [Redacted – commercially sensitive].

FMID Annual Risk Review

- 25.04.13 The Board noted the content of FMID’s ARR letter which had been discussed.

DM, JM and ED joined the meeting

25/05 National Payments Vision

- 25.05.1 DM provided a summary of the salient points within the paper.
- 25.05.2 The Chair [Redacted – commercially sensitive] highlighted that whilst it was important to consider all available options, the focus needed to be on which option allowed Pay.UK to move forward to deliver strategic change swiftly.
- 25.05.3 The current construct of requiring consensus from customers on key decisions, e.g. upgrading

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systems, was restrictive. The preference was for Pay.UK to have the ability to raise capital and autonomy to implement strategic change quickly without requiring consensus. It was noted that whilst there was a need for Pay.UK to think radically and assess a broad range of options, particularly given it was recognised within the industry that the status quo did not work, Pay.UK needed to ensure it remained independent.

- 25.05.4 The Board's earlier conversation on co-creation was re-visited. The Board reiterated the point made regarding being cautious when using this terminology and clearly articulating what this meant. Doing so would avoid Pay.UK inadvertently losing its independence, or its ability to make decisions. On the latter point the Board commented that Pay.UK needed to carefully consider what steps needed to be taken to ensure its decision making remained robust.
- 25.05.5 The Board highlighted that one key point which needed to be clarified was what Pay.UK's role needed to be based on expectations placed on it by the regulator and industry, with consideration of what powers it required e.g. the power to mandate change as opposed to the current status quo which required consensus. Failing to do so could risk Pay.UK being slowed down during the design phase. On this point LTR commented that activities which would likely lead to a positive Return on Investment (ROI) would not necessarily need to be mandated, but those activities which were for the benefit of the UK economy overall but did not lead to tangible ROI required a different approach. JM commented that the latter activities were what it was seeking approval from the Payment Systems Regulator (PSR) to mandate. Pay.UK would also be requesting mandating and decision-making powers during the design phase.
- 25.05.6 The Board advised against the notion of becoming a quasi-regulator, but emphasised that it was important to be clear with the PSR and FMID what support Pay.UK needed from them to meet expectations placed on it by the industry. It was suggested that Pay.UK clarified what problem it was trying to solve, i.e. growth or control, and ensured it had the resources and capabilities to deliver against this. It was however noted that this was difficult when mixed messages were being received from customers, e.g. how to utilise Enhanced Fraud Data (EFD). DP added that this was further complicated when a new service being offered, e.g. Paym, required wider adoption to make it viable, despite it being of benefit to the UK economy.
- 25.05.7 The Chair commented that whilst Pay.UK's customers were the banks and payment service providers its role was to drive enhancements to Pay.UK's services to deliver optimal outcomes for end users and the ecosystem. This required commercial biases to be deprioritised and to instead re-focus on delivering better end user outcomes. He added that it was also important to consider the approach to propositions in terms of whether it would involve a bottom up or a top-down approach. The former represented propositions which Pay.UK had put forward whilst the latter originated from the industry, e.g. Account to Account (A2A). Both approaches would need to be funded differently with consideration of whether the proposition would benefit the whole ecosystem or only those who signed up to it. DP acknowledged this point and added that Pay.UK needed to support calls for funding by creating the narrative around what benefits a proposition could help realise.
- 25.05.8 The Board observed that, irrespective of what direction was taken, it was important to make sure its interbank retail payment systems remained resilient by investing in its infrastructure. Its priority was to ensure it could continue to delivery BAU effectively as these were areas within its direct control.

*JM, ED, MB and ST left the meeting
SY joined the meeting*

25/06 Strategic Participant Group (SPG)

- 25.06.1 SY gave apologies from Simon Eacott who was on annual leave. She advised that the SPG had met the previous day and highlighted that the key topics discussed included NextGen, the PSR's Specific Direction 3 (SD3) consultation, Pay.UK's proposals on a new delivery vehicle and the fraud programme.
- 25.06.2 SY thanked Pay.UK on behalf of the SPG for its strong engagement on NextGen. She highlighted that the SPG was keen to see changes made to FPS as soon as possible, with a strong focus on maintaining resilience, and the industry would welcome suggestions of anything it could do in the short term to progress this.
- 25.06.3 On SD3 SY noted that there was a general view that it should have been revoked until the vision work had concluded. Referring to the original market review conducted in 2015 she had looked at the determinants and remedies and the market was no longer in the same place. The Board responded that it was aligned with the SPG on this point.
- 25.06.4 The immediate ask from the SPG in relation to Pay.UK's proposals on a new delivery vehicle was to have a firmer understanding of what Pay.UK's 2025 funding profile looked like. Given the significant investment made in the NPA the SPG sought to explore whether some of the investment could be salvaged and re-used for NextGen.
- 25.06.5 SY advised that whilst data sharing remained a sensitive issue several participants were keen to work with Pay.UK. The User Interest Group (UIG) had re-engaged with Pay.UK on this topic. It was important to find the most efficient solution to closing out the data sharing priority. The Board asked what was causing the delay. SY responded that there was a data hygiene point which needed to be resolved prior to legal agreements being implemented. She added that Enhanced Fraud Data (EFD) was off the table for 2025 as when Pay.UK had asked customers what they wanted to do with this it was clear they had not factored this into their plans for 2025.
- 25.06.6 DP thanked SY on behalf of the Board for driving the SPG's agenda forward. He noted that fraud was on the growth agenda which was another reason for all parties to drive the fraud programme forward.

AM and EB joined the meeting

MB and ST re-joined the meeting

SY left the meeting

25/07 Business Development

- 25.07.1 AM introduced the item by noting that the paper aimed to clarify the role of Pay.UK in A2A going forward. He highlighted the following key points:
- The evolution of Pay.UK's role in A2A had been informed by its broader role as a Payment Systems Operator (PSO) as per the NPV and its strategy to control systemic risk, ensure fair access and drive enhancements to deliver optimal outcomes for the ecosystem.
 - Pay.UK had been clear on what it must and should do which included building Critical Infrastructure (CI) related capabilities in collaboration with the industry and regulators to enable A2A, delivering the seamless A2A as stated in the NPV, implementing measures and mitigants to understand and control systemic risks and leveraging Pay.UK's rules and standards to help drive outcomes.

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- The areas which Pay.UK would not own, but where Pay.UK still needed to enable and influence included the commercial model, consumer protection, the customer journey and Variable Recurring Payments (VRP) and A2A scheme ownership. Pay.UK intended to do this by forging a close working relationship with Open Banking (OB) which was mutually beneficial and unlocking the A2A opportunity to co-create the required CI related capabilities as well as manage systemic risk.
- Pay.UK was best placed to convene the industry to help the ecosystem achieve success with A2A.

25.07.2 The Board asked what success looked like for A2A. EB advised that success would be based on volume growth, cheaper transaction costs, regulators lowering costs and the offering being made available to end users by their bank. The Board emphasised the importance of Pay.UK considering carefully how it could create a proposition that solved a problem faced by the industry, and which included commercial benefit, to encourage adoption by Pay.UK's customers, consumers and merchants.

25.07.3 The Board considered the rationale for A2A within the NPV. Reference was made to previous Board discussions where A2A was considered to be a viable alternative to MasterCard and Visa.

25.07.4 DP commented that if A2A payments continued to grow they needed to do so with the right controls. He advised that Pay.UK's role should not be the end user interface or the customer journey but that Pay.UK should instead adopt an enabling role to help create the CI related conditions for success.

25.07.5 Referring to the increasing level of investment in Artificial Intelligence (AI) AV commented that Pay.UK needed to have the right foundations to support adoption of the enabling role by focusing on its future state architecture and capabilities. Doing so would build confidence from stakeholders. DMO advised that he had been having this conversation with regulators and the question was not about Pay.UK's technology but ecosystem technology. [Redacted – commercially sensitive].

25.07.6 The Board **approved** the recommendation that Pay.UK adopted an enabling role for A2A going forward.

KF joined the meeting

AM and EB left the meeting

25/08 Next Gen Infrastructure

25.08.1 ME introduced KF to the Board who outlined his experience. KF summarised the paper highlighting that the aim was to mobilise the Next Generation (NextGen) infrastructure programme in consideration of key market developments that could influence the scope and Pay.UK's role in delivering it. [Redacted – commercially sensitive].

25.08.2 Regarding the reference to the Industry Delivery Body (IDB) AB commented that she was unclear what role it played in relation to both NextGen infrastructure and the NPV. KF agreed to provide clarity in relation to the role of the IDB. **ACTION: KF**

25.08.3 [Redacted – commercially sensitive].

DCh joined the meeting

KF and DM left the meeting

PUBLIC

25/09 CFO report

- 25.09.1 The Board noted the updates on 2024 financial performance and **approved** the adjustment to the 2025 budget. No further comments were received.

LLR joined the meeting

DCh left the meeting

25/10 COO report

- 25.10.1 DMO introduced the item by noting that operational performance over the festive period had been flawless, adding that he and DP had contacted Vocalink to thank them for their efforts.
- 25.10.2 Regarding capability DMO highlighted that Fiona Bradshaw had joined Pay.UK as Director of Payments, reporting directly to him. Her role was to oversee all aspects of the 'run' organisation which included Onboarding and Assurance, Payment Operations and Fraud Operations.
- 25.10.3 From an incident perspective Pay.UK had a good reporting period and there had only been one incident to note [Redacted – commercially sensitive]. He added that Pay.UK's Operations team would be following this up and further commentary would be included in the next COO report.
- 25.10.4 Referring to the earlier conversation involving how to assess Vocalink sentiment in real time DMO informed the Board that going forward Vocalink updates would be embedded within the COO report. He noted that Pay.UK already had a Vocalink dashboard from an operational perspective, but this could feed into the bigger sentiment document to show how Pay.UK had, and could, improve its relationship with Vocalink.
- 25.10.5 [Redacted – commercially sensitive].
- 25.10.6 DMO advised that since the COO report had been published one of Pay.UK's Payment Service Providers (PSPs) had overreported the number of their APPR claims. This issue had been picked up by Pay.UK's controls. DMO commented that this validated the importance of moving everyone to the Reimbursement Claims Management System (RCMS). Pay.UK was currently working with the PSR to mandate this. [Redacted – commercially sensitive]
- 25.10.7 [Redacted – commercially sensitive], DC commented that Pay.UK had a responsibility to provide analysis from a compliance perspective to the regulator. DMO informed the Board that Pay.UK was now doing this and the end of January represented the first reporting cycle, with future reports operating on a monthly cycle.

25/11 Resilience

Risk Committee Report – 14.01.2025

- 25.11.1 DC provided an update of the meeting held on 14 January 2025. [Redacted – commercially sensitive].

Operational Resilience Regulatory Readiness

- 25.11.5 The Committee noted the update included within the paper. LLR highlighted that she had received questions from SY regarding whether Pay.UK was on course to successfully meet regulatory expectations by the deadline of 31 March 2025. In her response she referenced the earlier point made that Pay.UK was confident of compliance by this deadline. DMO commented that he had been asked the same question from several of Pay.UK's customers and noted that Pay.UK's response to SY should be the standard response.

PUBLIC

SS and TW joined the meeting
LLR left the meeting

25/12 People

2024 Colleague Engagement Survey

- 25.12.1 SS provided the Board with a high-level summary of the results of the 2024 Colleague Engagement Survey (CES). She advised that the results were linked to Pay.UK's corporate goals and KPIs and Pay.UK had attempted to present a balanced view.
- 25.12.2 [Redacted – commercially sensitive].

Culture Review

- 25.12.6 SS provided a summary of the salient points within the paper which provided a review of Pay.UK's culture over a five-year period using available culture data sources including the 2019-2024 CES results, Employee Value Proposition (EVP) analysis and the PwC culture thumbprint carried out as part of the NorthStar programme in 2021.
- 25.12.7 The Board commented that there was no clear articulation of what kind of culture Pay.UK was seeking. Acknowledging this DP responded that Pay.UK needed to clearly articulate the culture it wished to embed, and this conversation had recently been debated by the Executive team. This activity would require input from across the business, including from the Board. Given this the Board requested that when the activity on what culture Pay.UK was seeking going forward had been articulated, that this be brought back to the Board for its consideration. **ACTION: TW & SS**
- 25.12.8 Referring to the word cloud illustrating how colleagues described culture from 2021 – 2024 the Board commented that the words in 2021 were significantly more negative when compared to the 2022-2024 word clouds. SS agreed before adding the context that the UK was still going through the Covid-19 pandemic and a cost-of-living crisis in 2021.

SS and TW left the meeting

25/13 Governance

Redaction Policy

- 25.13.1 Following the discussion at the previous Board meeting that the Redaction policy should remain a Board matter rather than being incorporated into a wider document, the Policy, which had been subject to its biennial review, was **approved**.

Board Performance Review Update

- 25.13.2 MW informed the Board that the output from the Board Effectiveness Review conducted by Odgers would be reported to the March meeting.

Minute taking approach

- 25.13.3 The Board sought clarification that the redactions applied to the November 2024 Board minutes had followed the process outlined in the Redaction Policy, or whether sections had been redacted which did not strictly need to be. MW agreed to look again at the redactions again and the Chair would review. **ACTION: MW**
- 25.13.4 LT noted that the draft minutes were fulsome and expressed support for the proposed approach to reduce the level of detail and attribution within the minutes. PW agreed but cautioned against minutes becoming too brief.

PUBLIC

25/14 Closing Business

Approval of minutes – 27.11.2024

- 25.14.1 The Board **approved** the minutes from the 27 November 2024, subject to the redactions being revisited.

[Redacted – commercially sensitive]

25/15 Any Other Business

- 25.15.1 There being no further business the Chair closed the meeting at 16:00pm.

[Redacted – commercially sensitive]