

Pay.UK Limited Minutes of a meeting of the Switching Services Participant Committee held on 27 February 2020

ATTENDEES:

ORGANISATION:

INED (*Chair*)
Pay.UK (*Secretariat*)
Pay.UK
Pay.UK
Pay.UK (*AI 02/20.01 only*)
Barclays Bank PLC (*conference call*)
Clydesdale
HSBC (*conference call*)
INED
INED
Lloyds Banking Group
Manifesto (*AI 02/20.03 & 04 only*)
Nationwide Building Society
RBS (*conference call*)
Santander

APOLOGIES:

Bank of Ireland
Handelsbanken

02/20.01 CASS & CISA Risks

Action

Prior to the risk update the Chair welcomed [REDACTED – COMMERCIALLY SENSITIVE] Lloyds Banking Group as the new representative on the Switching Services Participant Committee (SSPC).

Pay.UK Risk Team provided the Committee with an update on the Switching Services.

[REDACTED – COMMERCIALLY SENSITIVE]

The SSPC risk profile was discussed.

Security

[REDACTED – COMMERCIALLY SENSITIVE]

Participant

It was highlighted that 2019 saw over a million switches take place which is the highest yearly figure since 2016. [REDACTED – COMMERCIALLY SENSITIVE]

Concentration Risk

[REDACTED – COMMERCIALLY SENSITIVE] The Chair questioned what is the expectation of the SSPC from a risk function, Pay.UK referenced the updated the Terms of Reference (ToR) which states the Committees responsibility in terms of Risk, the questions were raised to understand if the SSPC are a delegated risk committee and are the SSPC responsible for the

service lines that feed into this committee or is the SSPC not part of the risk structure. It was noted that there appears to be disconnect between the wording with the ToR and the responsibility of the Committee. It was further questioned how the risks are generated, SSPC felt clarity needs to be given where these have been generated. Pay.UK advised risk can be generated via the CASS Operations Committee or as a result of communications with Participants. These are first assessed by the CASS Service Lines and Pay.UK Risk team and if appropriate a new risk is created and fed into SSPC. It was noted the risk update has been helpful but more clarity needs to be given. RBS noted a need to be careful around who is accountable and who is responsible, the Committee would be responsible for the risks and ensure they are managed, but who would be accountable if the CASS structure failed. The Chair felt more clarity around the process is needed and is keen to keep this on the agenda going forward to help better understand how the process works, all agreed. The CASS INED requested to have a session with Pay.UK to go through the End to End Customer Journey to help better understand where risks sit. Pay.UK to organise.

Pay.UK noted that the scope of each Participant Committee, in respect of risks, is currently being looked at internally within Pay.UK and more clarity will be shared once known.

Santander queried risk 107H and 107J noting they are managed within Operations – non SSPC specific. It was advised that the internal Pay.UK Operations team manage these for all schemes. As all services feed into the operations team. **[REDACTED – COMMERCIAL SENSITIVE]**

02/20.02 CASS & CISA 2019 Budgets

CASS 2019 Financial Performance Review

The SSPC received an update on the 2019 performance, against budget. **[REDACTED – COMMERCIAL SENSITIVE]**

CISA 2019 Financial Performance Review

The SSPC received an update on the 2019 full year performance against budget. The approved 2020 budget was also provided for information. **[REDACTED – COMMERCIAL SENSITIVE]**

02/20.03 Switching Services 2020 Workplan

The Committee noted the CASS 2020 Workplan summary output presentation. Manifesto joined the meeting and provided the Committee with an update of the key discussion areas, provided in the presentation. Manifesto highlighted Consents transfer noting the Open Banking Working Group had helped provide a better understanding of how to achieve a smooth customer journey. **[REDACTED – COMMERCIAL SENSITIVE]**

Manifesto highlighted slide six - Payment Switch Service, it was noted the next steps for this would include additional research into multibanking which has now been commissioned. Pay.UK posed the question to the Committee to understand if Participants have research already in the multibanking space and would Participants be able to share this information with Pay.UK. A number of Participants noted that research had been conducted internally

within their organisations yet potentially may not be able to share due to sensitivity. Barclays advised the Committee that they would find out if the research they have carried out could be shared. It was suggested that there be an anonymous portal where Participants could upload their data. Pay.UK agreed to look into this.

The Committee discussed slide seven on Thought Leadership. It was noted that a summary of CASS's research over the last year including how CASS used the research and the impact it has had has been produced. The Committee requested that this document be shared for offline review; Pay.UK agreed and would circulate with the post meeting papers. The CASS INED posed a question in relation to the Party Conferences and if these are still in appetite to engage wider Stakeholders and deemed to be of value, Pay.UK acknowledged that the Party Conferences had been discussed at the Pay.UK Managed Service Committee (MSC) and it was noted that assuming the subject to be discussed was relevant to CASS then they are deemed to add value. Pay.UK noted that SME engagement is likely to be the topic for this year, based on research being undertaken. The CASS INED suggested Pay.UK to speak to Mark Chidley from Open Banking who is the SME representative for Party Conferences if SMEs is the focus.

02/20.04 Strategy Day

The Committee reviewed the proposed agenda. The Pay.UK Standards and Strategy team will be in attendance to host one of the morning sessions which will set the scene on emerging the Future Scenarios with the wider Pay.UK strategic pillars. The Committee advised a review of attendance for the Strategy day should be carried out to ensure the inclusion of Operations and Strategy teams. It was noted that the Payment Switch Service is proposed to be the core workshop of the day. The CASS INED suggested a change of title for the day, based on feedback from the Governance WG, as Strategy can give the impression that is the only topic of the day. It was further suggested to align with Pay.UK when considering an alternative name. The CASS INED went on to ask if the CASS Strategy day features on the Pay.UK events calendar. Pay.UK confirmed that the Strategy day is on the Pay.UK calendar. The Chair noted the CMA require CASS to hold a Strategy Day, and suggested thought be given to the supporting wording to provide clarity of the day. Manifesto prompted a discussion around the Payment Switch service workshop to understand if this was the right focus. The CASS INED suggested that the multibanking research be shared at the beginning of the day and included in the trends section of the Strategy update, which can then in turn be used as further supporting document during the Payment Switch Service workshop. The Chair advised it may be best to stay away from the Payment Switch Service topics and change the session all together, for example getting the attendees to focus on what do they perceive as the risks to CASS. Nationwide further suggested posing the question where do they see CASS in five years' time. It was noted that more thought needs to be given to this section of the day and a revised agenda should be issued for review. Clydesdale asked the date of Strategy day, Pay.UK advised it is the 28 April and this had been circulated in early January. The Committee advised that a placeholder had not been received; Pay.UK apologised and agreed to send out

following the meeting. Clydesdale advised that there is a SWIFT offsite on the same day, which may affect attendance.

02/20.05 Workstreams Update

Pay.UK noted a number of activities are progressing across the Switching Services team which cover business as usual (BAU) tasks and also tactical and strategic changes.

CASS Governance Working Group:

The Committee noted the CASS Governance Working Group (WG) recommendations. The Chair asked if challenges/questions are raised on the circulated SSPC papers by none attendees, Pay.UK advised it is rare to receive challenges or questions from the wider CASS audience. It was agreed it would be beneficial to produce a document noting the current Committee members and how long they have been on the Committee and collectively agree the length of service for members going forward. It was suggested that this document might want to be shared at strategy day for visibility. Pay.UK confirmed the full output from the survey commissioned by the WG will be shared with all participants and stakeholders who were requested to complete it. The Committee agreed to stand the CASS Governance WG down.

CASS Open Banking Working Group:

The Committee noted the supporting Open Banking WG paper. Pay.UK informed the Committee the WG and others involved had provided positive input and feedback. The Committee were advised that the draft letter for OBIE was attached in the appendix for information and that this was being passed through Pay.UK governance to gain sign off before being submitted to OBIE week commencing 2 March. The Committee accepted the proposed mandated changes.

[REDACTED – COMMERCIALY SENSITIVE]

CASS Press Coverage:

The Committee reviewed and noted the supporting press and Social Sentiment summary document.

CASS High Balance Research:

Pay.UK commissioned research into consumers with high balances, inspired by an assumption that high balance customers were less likely to move banks. The Committee noted the output of the research. The research concluded there was not a significant difference in an appetite to switch between those with high balances and the rest of the population. Additional research is not warranted at this time.

CISA Volume v Forecast:

It was advised Pay.UK has commenced analysis of the monthly actuals verses forecasted volumes and is providing feedback to Participants if their actuals versus forecast are dramatically different. The output from the Participant conversations will be fed back to the Committee at the April meeting.

02/20.06 Participant Dashboard and End of Year Summary

The Committee noted the February SSPC Dashboard. Pay.UK highlighted changes to the Redirection chart on slide four, noting the chart is now provides more information. Barclays asked to understand if the data presented in the chart includes BPRS. Pay.UK confirmed that the data is inclusive of BPRS. The Chair noted that Acceptance rates are below the target acceptance rates. Pay.UK advised the Committee that a workshop was held in May 2019 with the CASS Operations Committee to explore the decline in more detail , a number of actions were assigned at the workshop and Pay.UK have provided best practice guides, additional data and have been analysing the daily data and reaching out to Participants for input. Regrettably improvements haven't been seen. Therefore Pay.UK have scheduled a further face to face workshop in March with the CASS Operations Committee, Participants have been provided with 3 months historical rejection data and have an action to complete analysis of the data in preparation for the workshop, to determine if there are any root causes identified. Pay.UK will provide an update at the April meeting.

02/20.07 CASS Regulatory Update

Pay.UK informed the Committee that the annual submission to the CMA had been submitted in January and to date no feedback has been received.

The CASS Annual report is in the final draft stages, the report is to be published in March, following sign off from the Chair. Pay.UK will share the draft report under embargo with the post meeting papers for information pre-publication.

02/20.08 Terms of Reference

The Committee reviewed the Terms of Reference (ToR) Pay.UK highlighted the changes that had been made to the document. It was suggested to make a wording change to the Participant Members section, with regards to the reference of CASS and CISA budgets. The Committee suggested that the wording should be Switching Services budgets. Pay.UK agreed to make the change. It was further suggested that the current quorum of eight was too high and not in line with other Participant Committees. Pay.UK acknowledged this and suggested a reduction to a minimum of six Participants. This was agreed by the Committee, Pay.UK will update the ToR.

02/20.09 Minutes of the Previous Meeting

The minutes from the previous CASS Executive Committee held 23 October 2019 were signed off with no comment.

02/20.10 Action Log

04/19.04 Pay.UK to advise how the CASS contribution to the NPA budget is being allocated

C/F

Pay.UK will provide an update offline. Agreed to carry action forward.

[REDACTED - COMMERCIALY SENSITIVE]

C/F

10/19.01(a) Pay.UK to provide appendix of CASS specific risks

This was covered under agenda item 01/20.02. It was agreed to close the action.

10/19.01(b) Pay.UK to provide full list of CASS and CISA risks

This was covered under agenda item 01/20.02. It was agreed to close the action.

Closed

10/19.01(c) Pay.UK to provide statistics of coverage of the customer journey

This was covered under agenda item 01/20.05. It was agreed to close the action.

Closed

10/19.01(d) Pay.UK to share details and link to 'How To' videos

Full details and links were circulated 28 October 2019. Agreed to close action.

Closed

10/19.02(a) Pay.UK to review additional research opportunities for the high balance audience

This was covered under agenda item 02.20.10. It was agreed to close the action.

Closed

10/19.02(b) Pay.UK to include a line across the modelled awareness graph to highlight 79% awareness target.

Pay.UK confirmed this has now been included in the graph. It was agreed to close the action.

Closed

10/19.03(a) Pay.UK to provide a breakdown of the indirect costs made up of Pay.UK and NPA costs as part of CASS 2020 budget.

An email was sent to the Committee 8 November with the breakdown. Action closed.

Closed

10/19.03(b) Pay.UK to facilitate a discussion for the Committee to review the CISA volumes

Due date is April.

C/F

10/19.04 Participants to provide their forecast BPRS usage profiles for 2020

Committee reps confirmed nil or minimal requirements in 2020.

Closed

02/20.11 AOB

[REDACTED – COMMERCIALY SENSITIVE]

Date of next meeting: 27 April 2020 at 14:00