

Payment Systems Regulator Panel TERMS OF REFERENCE

(approved by the PSR Board on 21 January 2015)

1. The Payment Systems Regulator Panel ('the Panel') is established by the Payment Systems Regulator ('PSR') under the Financial Services (Banking Reform) Act 2013. The Panel represents the interests of participants in regulated payment systems and those who use, or are likely to use, services provided by regulated payment systems.

Scope

2. The Panel makes representations to the PSR on the extent to which its general policies and practices are consistent with its general duties, and how its payment systems objectives may best be achieved, as required under the Financial Services (Banking Reform) Act 2013. See *Annex 1* for the general duties.
3. In considering the PSR's work, the Panel will focus on the PSR's objectives of promoting effective competition in the interest of service-users, promoting development and innovation in the interest of service-users, and ensuring that payment systems are operated and developed in the interest of all those who use payment systems. The Panel will also have regard to the regulatory principles as attached in *Annex 2*.
4. The Panel's views are independent of the PSR. It does not carry out responsibilities on behalf of the PSR, but provides input and advice on development of PSR activities.

The Panel's Duties

5. The Panel will:
 - 5.1 Meet regularly (usually between four and six times a year) and be available at other times to be consulted by the PSR on specific high-level issues.
 - 5.2 Identify key issues which the Panel thinks the PSR should be considering when the PSR presents proposals to the Panel for consideration.
 - 5.3 Be proactive in bringing to the attention of the PSR, new or additional issues to be considered or research to be carried out by the PSR to assist the PSR in fulfilling its objectives.
 - 5.4 Strictly maintain the confidentiality of information provided to the Panel when indicated by the PSR.
6. In fulfilling these duties, the Panel may:
 - 6.1 Request access to all information from the PSR which it reasonably requires to carry out its work. This will generally not include confidential information about specific regulated firms, individuals or markets.

- 6.2 Have access to and engage regularly with the PSR Chairman, Board, Managing Director and senior executives of the PSR.

Membership

7. The PSR Board appoints Panel members, with HM Treasury's approval being required for the appointment or dismissal of the Chair. Members will normally be appointed for a two or three year term, and will usually serve a maximum of two three-year terms.
8. The PSR will appoint to the Panel such persons representing participants in regulated payment systems and those who use, or are likely to use, services provided by regulated payment systems.
9. Members are appointed in an individual capacity on the basis of their experience and current role, and not as representatives of specific constituencies or organisations. They are expected to understand the general viewpoint of their sector and be able to contribute constructively in Panel discussions towards the development of the PSR's strategic thinking from that perspective. There is no express requirement on Panel members to consult with colleagues or related organisations on the issues discussed by the Panel, although they are free to do so (subject to confidentiality) if they wish to. Nor is the business of the Panel a substitute for formal public consultation processes by the Payment Systems Regulator with the sector or interests concerned. It may from time to time be appropriate for Panel members to discuss the general issues on Panel agendas on an informal basis, as a means of enhancing members' input to the Panel. Panel members will also be required to respect the requirements of confidentiality: to enable the Panel to function effectively and provide early input to PSR policy development and other decisions, Panel members will often not be able to share the details of discussions which take place with those outside the Panel and PSR. Any such confidentiality requirements will be clearly flagged by the Secretariat.

PSR and Financial Conduct Authority Duties

10. Under the Financial Services (Banking Reform) Act 2013, the PSR must consider representations made to it by the Panel, and must from time to time publish in such a manner as it thinks fit, responses to the representations.
11. The PSR will provide the Panel with early access to appropriate information in order to enable the Panel to fulfil its duties and will ensure secretariat support is provided to the Panel to enable it to operate effectively.
12. The PSR Board will consider any proposals from the Panel for additional funding for specific projects (including research) which the Panel considers necessary in order for it to fulfil its duties under these terms of reference.

Accountability

13. The Panel will publish an annual report on its work, which will be presented to the PSR Board.

Annex 1

The Financial Services (Banking Reform) Act 2013:

Section 49: Regulator's general duties in relation to payment systems.

1. In discharging its general functions relating to payment systems the Payment Systems Regulator must, so far as is reasonably possible, act in a way which advances one or more of its payment systems objectives.
2. The payment systems objectives of the Payment Systems Regulator are—
 - (a) the competition objective,
 - (b) the innovation objective, and .
 - (c) the service-user objective.
3. In discharging its general functions relating to payment systems the Payment Systems Regulator must have regard to
 - (a) the importance of maintaining the stability of, and confidence in, the UK financial system
 - (b) the importance of payment systems in relation to the performance of functions by the Bank of England in its capacity as a monetary authority, and
 - (c) the regulatory principles in section 53 [*see Annex 2*].
4. The general functions of the Payment Systems Regulator relating to payment systems are—
 - (a) its function of giving general directions under section 54 (considered as a whole), .
 - (b) its functions in relation to the giving of general guidance under section 96 (considered as a whole), and
 - (c) its function of determining the general policy and principles by reference to which it performs particular functions.

Annex 2

The Financial Services (Banking Reform) Act 2013:

Section 53: Regulatory principles

The regulatory principles referred to in section 49(3)(c) are as follows—

- a) the need to use the resources of the PSR in the most efficient and economic way;
- b) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- c) the desirability of sustainable growth in the economy of the United Kingdom in the medium or long term;
- d) the general principle that those who use services provided by payment systems should take responsibility for their decisions;
- e) the responsibilities of the senior management of persons subject to requirements imposed by or under this Act, including those affecting persons who use services provided by payment systems, in relation to compliance with those requirements;
- f) the desirability where appropriate of the PSR exercising its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under this Act;
- g) the desirability in appropriate cases of the PSR publishing information relating to persons on whom requirements are imposed by or under this Act, or requiring such persons to publish information, as a means of contributing to the advancement by the PSR of its payment systems objectives;
- h) the principle that the PSR should exercise its functions as transparently as possible.