

MINUTES

TO CASS Executive Committee
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DATE 10 October 2018

MINUTES OF THE CASS EXECUTIVE COMMITTEE MEETING HELD ON 3 OCTOBER 2018

PRESENT	Jo Kenrick	INED (<i>Chair</i>)
	Rachel Langworth	Bacs (<i>Secretariat</i>)
		Bacs
		Bacs
		Barclays (<i>via conference call</i>)
		BoI (<i>via conference call</i>)
		Clydesdale
		Handelsbanken (<i>via conference call</i>)
		Lloyds Banking Group (<i>via conference call</i>)
		RBSG (<i>via conference call</i>)
		Santander (<i>via conference call</i>)
		TSB (<i>via conference call</i>)
		CASS Independent (<i>via conference call</i>)
		CASS Independent (<i>via conference call</i>)

APOLOGIES

ID	ITEM	ACTION
10/18.01	STRATEGY <p>Bacs provided an update with regard to the outcomes from the 19 September Current Account Switch Service (CASS) Strategy Day; Bacs noted that it felt the day to be a highly successful event that involved a broad cross section of the wider eco-system, and Bacs has received positive feedback from all. Bacs thanked the Executive Committee (EC) representatives for their support and efforts on the day.</p> <p>Referring to the pack circulated that details the summary and key findings from the Strategy Day, Bacs noted the supportive feedback received with regard to the revised governance model. An area of potential improvement for CASS came out as multiple account holdings and future CASS use; this has been highlighted as an area for both CASS and the New Payment Systems Operator (NPSO) to consider going forward. Additionally, how open banking as a set of tools and techniques may lead to the faster adaptation of changes</p>	

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	<p>in consumer behaviour should also be considered. Bacs has noted a wealth of good material regarding how providers needs to understand the relationship customers have with their various providers beyond the finance sector, and as such how consumer expectations are changing. Bacs notes the need to be able to better identify emerging behaviour, requiring the development of new and improved research tools. The Chair queried to what extent CASS should focus on research with regard to the guarantee, particularly in uncertain times; Bacs advised that all research to date points to the guarantee being critical to the service and the ‘safety net’ that consumers appreciate.</p> <p>The CASS INED advised that on numerous occasions at the political party conferences consumer expectations were discussed, and how people can move from supplier to supplier across a range of different products, while retaining the trust and confidence that is currently held for the CASS and Cash ISA services. CASS needs to ensure that this features in its medium strategy as it is developed during 2019. A Participant noted the need to provide a service that gives the consumer a choice; while the full switch answered an issue at the time of launch, as things move on it needs to be tailored (full switch, partial switch, multi bank etc) as per consumers’ needs and requirements; that said, clear guidelines and demarcation is critical to ensure the consumers trust and confidence.</p> <p>Bacs is looking to lay out a set of scenarios which will allow the identification of potential CASS responses to each, supported by research to allow Bacs to identify if and when a scenario might be crystallising and therefore which direction to take. Therefore, it is proposed that the next Strategy Day will include a list of such scenarios and discussion re preparation for such scenarios (in parallel with the workplan already discussed).</p> <p>A comment was noted with regard to the current governance model for CASS and the potential need for a review given that the EC is made up of ‘traditional players’; the strategy day saw some very positive and strong feedback from ‘non-traditional’ players, raising the question of whether CASS</p>	

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	<p>should consider looking at its current make-up with a view to ensure it has the right mix of attendees on the EC. If the governance arrangements are not to be changed, it was queried whether there is more that the CASS community can do to engage with the ‘non-traditional’ players (above and beyond the two strategy days). Discussion was held with regard to the complication it presents with regard to investment in the service, and how the governance could accommodate this. It was suggested that this feeds into the debate that needs to be held at NPSO board level with regard to commercial funding models. Bacs noted that while the funding issue is a broader NPSO challenge, it has developed the Market Dynamics Model which should allow for better forecast and predictions with regard to appropriate models.</p> <p>The Chair noted that when discussing the CASS strategy with the NPSO Managed Services Committee (MSC), three things should be considered:</p> <ol style="list-style-type: none"> 1. Continuing to run the system (including how it is run and how CASS ensures it operates 100% of the time, and delivers against all regulatory requirements) 2. Near time work that CASS will look to address practically (relating to the five work streams to be progressed in 2019) 3. The longer term strategic work, including concepts and scenarios, ensuring CASS does not fail to identify where the system should be moving towards, and how it can address the needs of consumers in a changing market place. <p>It was confirmed that the next MSC will be held on 28 November; the above outline and discussions held today will be reported to the committee ahead of establishing the items for discussion at the next Strategy Day. The summary material and activity plan for the medium term strategy development was endorsed.</p> <p>10/18.02 BULK PAYMENT REDIRECTION SERVICE</p> <p>Bacs provided an update with regard to the Bulk Payment Redirection Service (BPRS), noting that while the service is used infrequently, it has switched over</p>	

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	<p>1.5 million accounts and operates very well. [DELETED – COMMERCIAL SENSITIVE] It was noted that awareness of the service is somewhat limited, even within some Participant banks relationship teams who engage these markets. Therefore, Bacs would like to move the service from a reactive stance, to a more proactive approach. In order to do so, there are a number of areas to be considered, including access to the service (currently restricted to CASS participants), the pricing model, and how to better define the product. While not asking for agreement of a firm proposal at this stage, the CASS EC was asked for its support of this activity as CASS looks to investigate further in Q4 2018. [DELETED – COMMERCIAL SENSITIVE] It was also noted that the service does not currently include the Standing Order File Amendment (SOFA) service; it would be beneficial to include this. Positive feedback was received, noting the need to consider the costs before there will be much appetite for its use. The Chair noted that in discussions with the BoE, it has highlighted that it sees BPRS as having a future in resolution planning should there be a bank failure.</p> <p>The Chair summarised the general level of support to investigate, and potential areas that need to be included in the investigation.</p>	

10/18.03 CASS AND OPEN BANKING

Bacs introduced the topic, noting the white paper regarding consumer switching that was published on 18 September. Over the past few months Bacs has held a number of discussions with a variety of stakeholders to look at the areas where CASS and Open Banking could come together, considering both the risks, and the opportunities it presents. Bacs has identified a prioritised list of options to explore further for the EC’s consideration.

F Reynolds provided an overview of the accompanying slide deck and the work undertaken to date to explore this area of work. Following discussions, it was agreed to develop further the proposals proposed in the presentation. Positive feedback with regard to the work undertaken to date was received. The approach was agreed by all.

10/18.04 CASS 2019 WORKPLAN

ID	ITEM	ACTION
	<p>The Committee noted the 2019 workplan. Bacs noted the plan includes the CASS BAU plan, which details the operational, marketing and research activities, and BPRS activities separately. Bacs to circulate the high level strategic document post meeting.</p> <p>It was queried whether Bacs is comfortable with the work detailed on the workplan, and the level of resource and capacity to deliver this (given the move to NPSO). Bacs advised that while difficult given it is waiting TOM2.0 from NPSO, as things currently stand Bacs has the necessary resource.</p>	<p>Bacs 10/10/18</p>
10/18.05	CMA UPDATE	
	<p>Bacs advised that it is due to submit its annual progress report to the Competition Market Authority (CMA) in January 2019. Bacs advised it is reporting as 'green' against all elements. The Committee noted the update.</p> <p>Referring to the overdraft element of the CMA remedies, Bacs advised that there were previously issues whereby customers were halfway or more through a switch before realising the new bank was not offering an overdraft that matched the old; there is therefore a requirement for all Participants to advise customers of the overdraft facilities pre-switch. Bacs confirmed that this element has been added to the annual Codes of Conduct and is also tracked via the Participant visits.</p> <p>Noting the CMA requirements with regard to the wider community, Bacs advised that it has worked to demonstrate where and how those views have been incorporated into the decision making process for CASS. Bacs' next steps following the recent strategy day is to circulate the outcomes to the wider community (not just those that attended), and use that to build the agenda and approach for the next strategy day. The CASS INED noted that there remains a challenge with regard to Third Party Providers (TTPs) and how to interest those parties in the governance and development of CASS. A Participant noted a potential solution being to provide further detail with regard to the views of the non-participants at such events at the Strategy Day etc.</p>	

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10/18.06	2019 MEETING SCHEDULE	
	<p>Proposed two strategy days for 2019, and quarterly meetings, with interim dates for each month. Feedback received that two strategy days works, and that the wider community continues to be included and the/ dialogue with that wider community remains fresh and up to date. Bacs noted that the January / February strategy day has previously been for Participants only, but it was suggested and agreed that this include the wider community (as per the September strategy day).</p>	
10/18.07	TERMS OF REFERENCE	
	<p>The Terms of Reference (ToR) for this Committee was submitted to NPSO MSC, however were not agreed as the MSC wants to wait until discussions between the NPSO and CASS Chair have concluded.</p>	
10/18.08	MINUTES OF THE PREVIOUS MEETING	
	<p>The minutes of the meeting held 20 September were agreed.</p>	
10/18.09	AOB	
	<p>It was confirmed that the quarterly data will be issued in the coming days. The CASS INED noted congratulations to the team with regard to the party conferences, noting the success of the roundtable discussions.</p>	

Date of next meeting: 29 November 2018 at 10:30