

Minutes

Wholesale Distribution Steering Group (WDSG)

17 November 2020

Location: **The Meeting took place via audio link.**

Attendees: **Bank of England:** Sarah John (Chair), Nick Butt, Elisabeth Bertalanffy-Fournier, Ronan McClintock, Camilla Pegg, Molly Galligan
UK Finance: Eric Leenders, Phillip Mind, Russell Saunders, Julie Carruthers
Barclays: Tim Allen
Lloyds Banking Group: Otto Benz, Martin Barrett
HSBC: Sue Yarham
NatWest Group: Richard Talbot
Santander: Robert White
HM Treasury: Derek Dunne
Post Office: Russell Hancock
Virgin Money UK: Dougie Belmore
G4S: Paul Van Der Knapp
Vaultex: Phil Vaughan
Royal Mint: Anne Jessopp
Danske: Kevin McMullan

Apologies: Julie Fitzgibbon (BOI), John Garrett (AIB)

Item

1. Standing agenda items

- **September 2020 minutes:**

The group agreed the September 2020 minutes, and approved their publication.

- **Sharing information on stakeholder engagement:**

An increased level of interest in the wholesale development work from the wider cash stakeholder community was noted by one member. UK Finance invited the group to pass any enquiries to them.

2. Update from the Bank – meeting with Governors

The Bank reported that its Governors had been updated on progress and the status of the wholesale work. Governors recognised that the work was at a crucial stage and a number of issues were being worked through. The impact of Covid-19 had underscored the importance of the work and Governors agreed that it should remain a priority.

HMT reaffirmed the Government's commitment, as stated in the March budget, to bring forward legislation both to protect access to cash and to ensure the infrastructure is sustainable in the long term. To support this HMT published a call for evidence in October

which assesses the current barriers to Access to Cash. HMT also noted that further detail is required on the proposed model design, and the level of support from the industry, before any legislative intervention can be considered to facilitate the wholesale work.

3. Update from UK Finance

(a) Industry engagement – update on adjusted model(s)

UK Finance provided an update on the progress of the development work. Through bilateral conversations with members it had become clear that there were some challenges associated with the proposed transition plan and its financial implications, in particular the asset selection criteria. In response the industry has been considering a number of adjustments to the model.

The group noted the importance of all members being committed to supporting the ongoing development work. Members felt it was necessary for the asset selection to be an iterative process under the guidance of competition lawyers, in order to find a solution that the participants could support. UK Finance confirmed that they were considering options for independent corporate development advice to progress the work.

(b) Plan moving forward – incl. asset selection, transaction, set-up etc

UK Finance presented a high-level plan for the next phase of work, consisting of three stages: 1) Asset selection criteria, 2) Commercial transaction and 3) Revised Heads of Terms. Members broadly agreed with the proposal, but noted the importance of ensuring there were sufficient resources, with the right skillsets, available to facilitate the process. The group also sought clarification on the funding requirements for the next phase of the work. UK Finance agreed to develop options with estimates over the next couple of weeks.

(c) Agree timing and key decision points

UK Finance confirmed that the Heads of Terms presented to WDSG at its last meeting were no longer applicable as the scope of work has changed. The group agreed that, subject to receiving the funding requirements, the sequencing was correct and stages 1 and 2 should be undertaken ahead of any further revision of the Heads of Terms. It was envisaged that stage 2 could commence before stage 1 is completed.

UK Finance agreed to confirm the timeline for each stage of the work with key decision points.

4. Review Action Log

Actions were reviewed and closed where applicable.

5. AOB

Otto Benz would be leaving Lloyds and Martin Barrett has joined as the new Lloyds representative on WDSG.