

In Pursuit of a Better Payment System

Faster Payments Task Force



Task Force Teleconference

December 14, 2016

1:00 – 3:00 p.m. CT / 2:00 – 4:00 p.m. ET

Anti-Trust Compliance Statement

Task Force Participants are expected to ensure that their participation and communications at Task Force meetings do not violate antitrust laws.

This means that no activity or discussion at our meetings or other related functions may be engaged in for the purpose of bringing about any understanding or agreement among participants to do any of the following: (a) raise, stabilize, or set future prices; (b) regulate future production levels among individual participants; (c) allocate geographic markets or customers; (d) encourage boycotts or seek to exclude specific participants; or (e) aid in creating improper monopolies.

In addition, participants should avoid discussing or revealing any individual participant's competitively sensitive information, including any participant's prices, discounts, costs, capacity, inventory, sales, future business plans, or bids for contracts.

Any questions regarding the meaning or applicability of this statement, as well as any concerns regarding activities or discussions at Task Force meetings, should be promptly brought to the attention of counsel for the Federal Reserve Bank, present at the meeting.



Opening Remarks

Connie Theien

Agenda

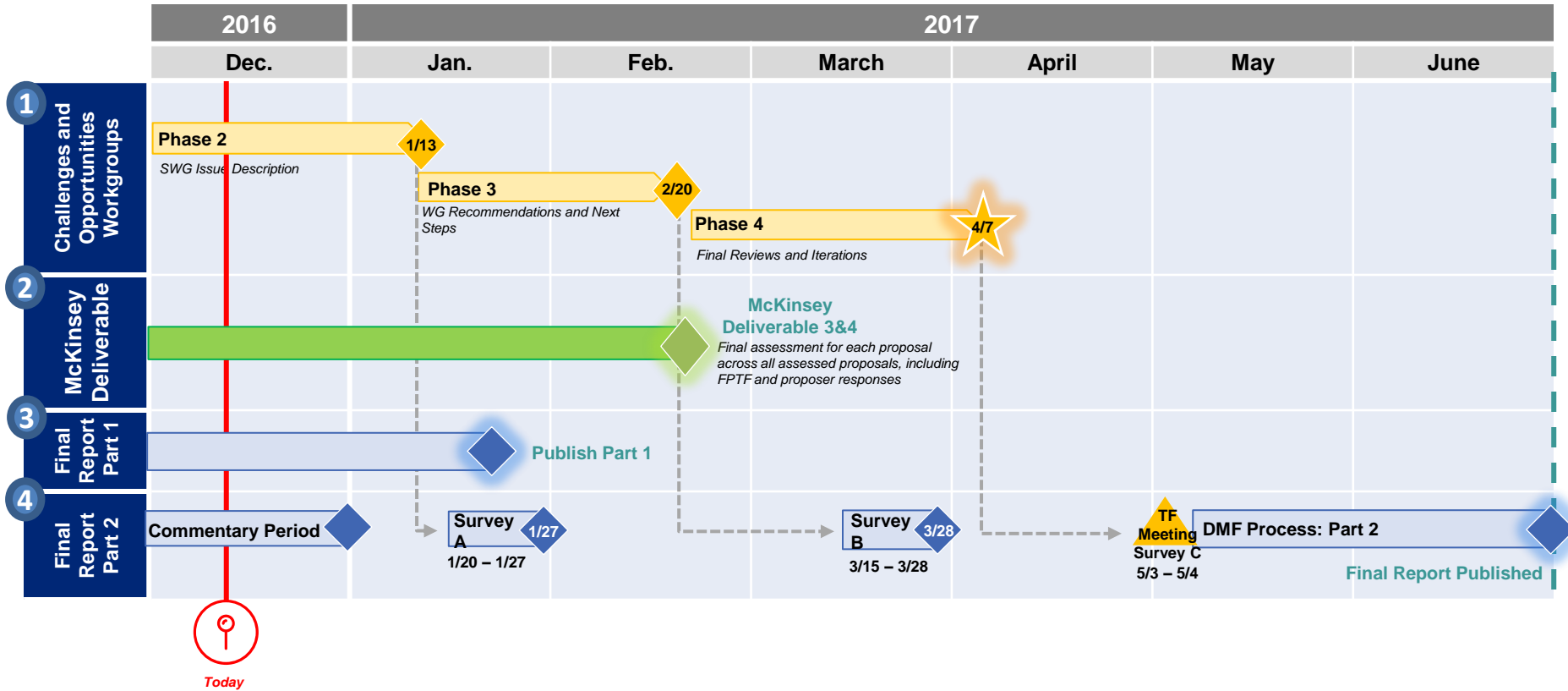
TIME (CT)	TOPIC	PRESENTER
1:00 – 1:10 p.m.	Opening Remarks	Gordon Werkema/ Connie Theien
1:10 – 1:30 p.m.	2017 Faster Payments Task Force Work Plan <ul style="list-style-type: none"> Review 2017 meeting dates, timeline, and expectations 	Jon Jeswald
1:30 – 2:10 p.m.	November In-Person Meeting and Segment Calls <ul style="list-style-type: none"> Debrief key themes from November meeting (i.e., FPTF table and segment output) Address key questions (FAQs) raised during November meeting (i.e., Commentary Period, FOIA) Review key outcome of SWG sessions (i.e., additional issues for SWGs to address) 	Courtney Kidd Roy DeCicco
2:10 – 2:30 p.m.	Commentary Period <ul style="list-style-type: none"> Preview early commentary results and participation numbers by segment 	Dan Gonzalez
2:30 – 2:40 p.m.	Final Report – Part One <ul style="list-style-type: none"> Present results of the Decision-Making Framework for Part One 	Kandie Alter
2:40 – 2:50 p.m.	Final Report – Part Two <ul style="list-style-type: none"> Introduce Editorial Board participants and review operating principles and timeline 	Kassi Quimby
2:50 – 3:00 p.m.	Closing Remarks	Connie Theien



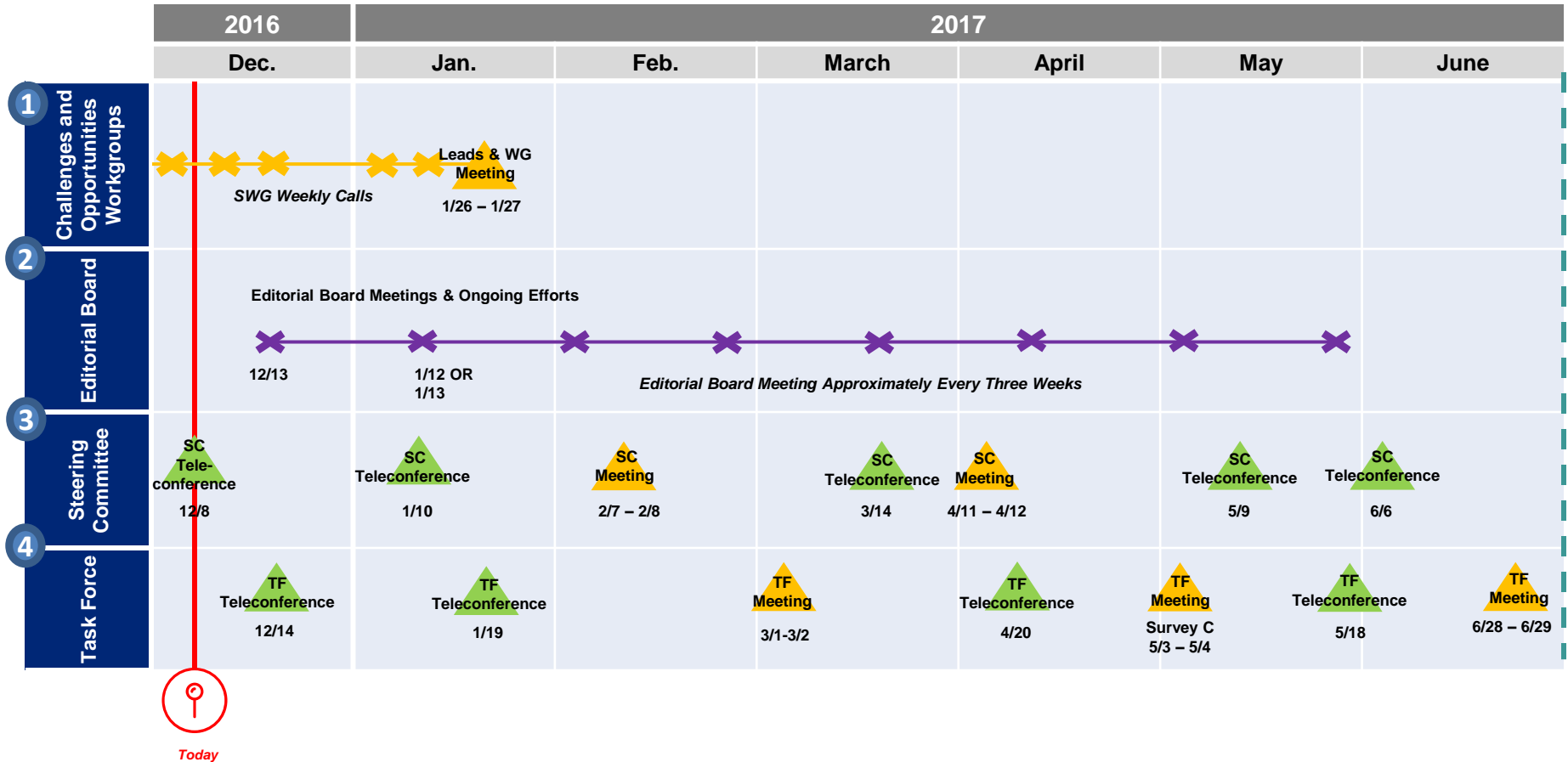
2017 Faster Payments Task Force Work Plan

Jon Jeswald

Key 2017 Deliverables










Key 2017 Interactions



▲ = In-Person Meeting
 ▲ = Teleconference
 ◆ = Deliverable
 ● = Milestone

Key Task Force Expectations

Task Force	2016	2017					
	Dec.	Jan.	Feb.	March	April	May	June
	 TF Teleconference 12/14	 TF Teleconference 1/19	 TF Meeting 3/1-3/2	 TF Teleconference 4/20	 TF Meeting Survey C 5/3 – 5/4	 TF Teleconference 5/18	 TF Meeting 6/28 – 6/29

Input Required

- Provide input on proposals and assessments via the survey tool by **December 31st, 2016**
- Provide thoughtful input on drafts of the Final Report through Surveys A, B, C, and the final Decision-Making Framework in May
- Attend and provide feedback on drafts of the Final Report through in-person meetings

Engagement Encouraged

- Keep abreast of engagement activities/communications that can come from FasterPaymentsTaskForce@chi.frb.org or your respective steering committee members
- Engage with task force peers in discussion rooms on Knowledge Central

Over the next few months, there will be multiple interactions points and activities that the task force will engage in. The Fed will work to provide timely communications to make participation expectations as clear as possible.



November Meeting and Segment Calls Debrief

Courtney Kidd and Roy DeCicco

November Meeting Refresh

Of all sessions held during the in-person meeting, output was documented for the following three breakout sessions:



Final Report Part Two: Table Discussions

- Faster Payments Task Force members were provided with an overview of the following topic:
 - Final Report Plan for Part 2: Key Interactions and Dependencies
- Task force members were provided the opportunity to raise questions, share concerns, and consider their role in the success of the final paper



Segment Breakouts

- On Thursday, the task force moved into segment breakouts twice; once in the morning, and once in the afternoon
- The morning session, led by Steering Committee members, focused on dialogue on proposals and the QIA, allowing segments to debrief proposer Q&A sessions from the previous day
- Afternoon segment breakouts provided the segments an opportunity to provide segment perspectives to sub work groups. The discussion focused on three topics:
 - **Next Steps:** Perspective on 'Additional Issues'; which to 'explore now' or 'explore later'
 - **'Core' SWGS:** Questions, recommendations, segment 'must haves', and responses to SWG specific questions
 - **Priority Segment Issues**



SWG Working Sessions

- On Friday, the sub work groups (SWGs) convened in their respective groups. Task force members joined SWG meetings of their choice.
- In general, SWGs focused on the following topics:
 - Debrief on segment learning (review of soft copy output from segment breakout session)
 - Refinements to work-to-date
 - Completion of outstanding workbook discussions

November Meeting Output

Final Report Table Discussions

Themes from Table Discussions (Questions, Concerns, and Task Force Role)

Commentary Period / QIAT

- Purpose (e.g., how is commentary different than the QIA?)
- Process (e.g., how to access tool? How will commentary be incorporated in the Final Report and / or McKinsey deliverable?)

Final Report Part Two

- Content (e.g., what is included?)
- Meeting dates/ locations (e.g., cadence; winter travel to Chicago)
- Collaboration (e.g., how will tools be used, within what structure?)

Task Force Support & Approach

- Attribution/ distribution of commentary
- Task force communications (e.g., clarity and frequency of emails)

Post- Publication Unknowns

- Role of the Fed (i.e. will the Fed take a stance on its role?)
- Role of the Faster Payments Task Force post-publication (e.g., what will it be; who will decide?)

Editorial Board

- Transparency concerns (e.g., how will updates / progress be communicated?)
- Constitution & process (e.g., who will be on it? Will the task force have interaction?)

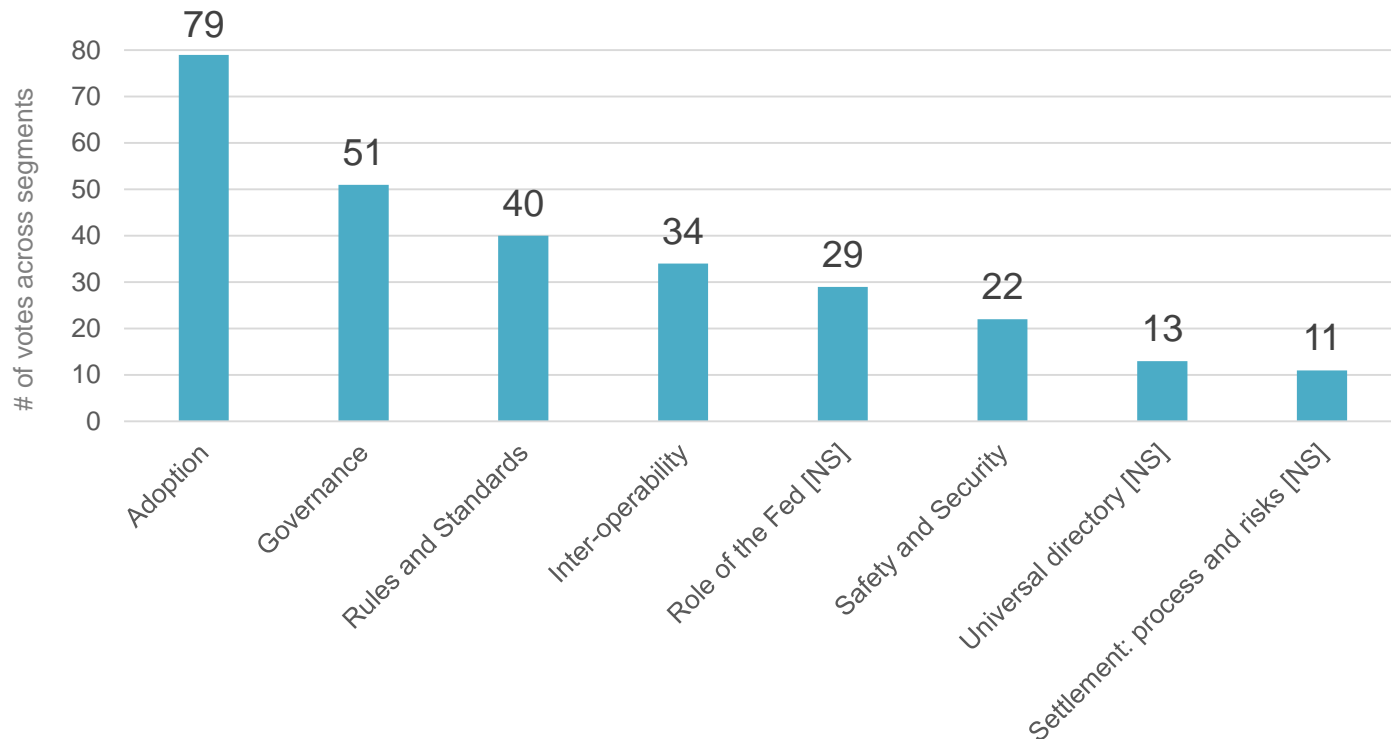
In an effort to clarify many task force questions, the Fed answered several questions at the end of day one and posted a FAQ doc to Knowledge Central. We will update the FAQs as applicable.

November Meeting Output

Segment Breakouts

On Thursday afternoon, segments provided input on Sub-Work Group (SWG) deliverables. As a part of this session, segments indicated their priorities across all SWGs and Next Step's 'Additional Issues'. The following graph demonstrates priority issues across the task force.

Faster Payments Task Force: Priority Issues



[NS]: Next Steps SWG

November Meeting Output

Next Steps SWG

In their Friday working session, the Next Steps SWG analyzed task force feedback on ‘Additional Issues’ to be explored in the final report. The group has made the following decisions on how to address these issues:

1

Settlement: Process and Risks

- **Decision:** Explore Now (92 ‘Explore Now’ task force votes)
- **Way forward:** In order to determine which sub-issues within Settlement are the most important to consider now, the SWG conducted a survey with the Work Group the week after the meeting. The most highly prioritized sub-issues, highlighted below, will be addressed by the Safety and Security SWG for inclusion in the Final Report.
 1. Transaction finalization within faster payment solutions (vertical settlement)
 2. Settlement across solutions in a multi-provider environment (horizontal settlement)

Note: *A third sub-issue (Liquidity, capital ratio, and balance sheet risk management) should still be considered in developing themes and recommendations, but Work Group members did not vote to prioritize this issue for analysis

2

What can the Fed do to further faster payments initiatives?

- **Decision:** Explore Now (76 ‘Explore Now’ task force votes)
- **Way forward:** The Next Steps SWG will ask each SWG to consider the role of the Fed as part of their analysis and provide recommendations to the Next Steps SWG, which will be aggregated to develop a final Work Group view.

3

Creation, ownership, and management of a universal directory

- **Decision:** Explore Now (52 ‘Explore Now’ task force votes)
- **Way forward:** The Interoperability SWG will take the lead on prioritizing this issue as part of its work. Rules & Standards and Adoption SWGs may consider it within context of their topics as well.

4

Potential challenges of non-centralized payment systems

- **Decision:** Explore Later (29 ‘Explore Now’ task force votes, 70 ‘Explore Later’ task force votes)
- **Way forward:** Although this issue is important, it will not be explicitly assigned to any group.



Commentary Period Update

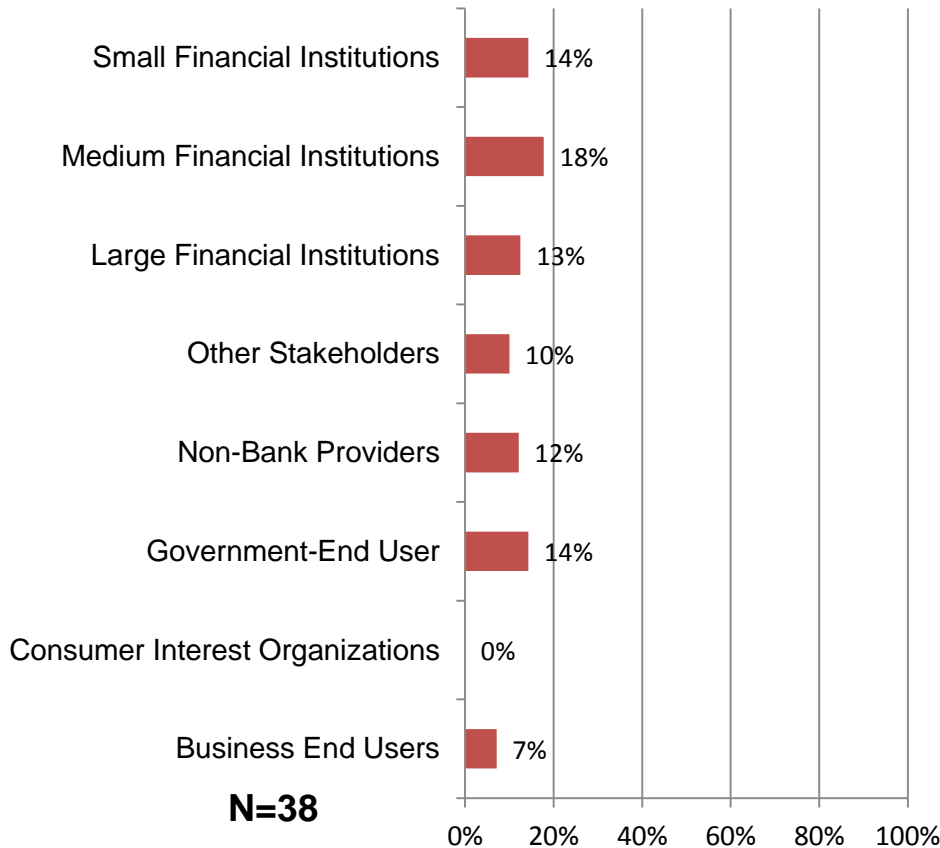
Dan Gonzalez

Survey Participation Rate by Task Force and Segment

Overall Participation Rate is 10%

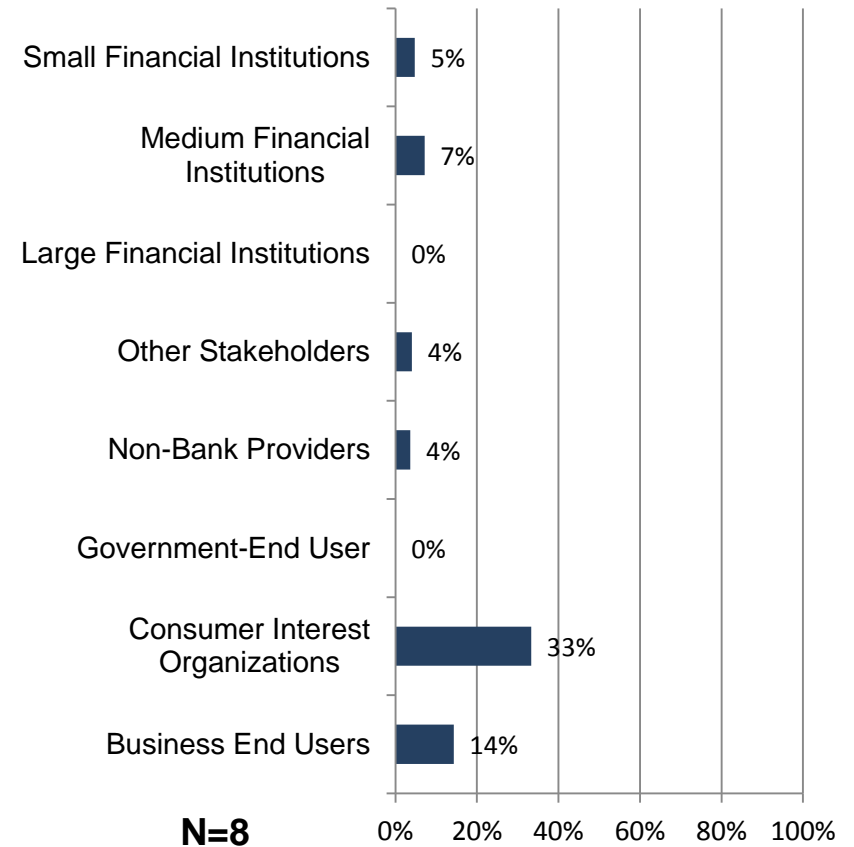
Faster Payments Task Force

Overall Participation Rate is 12%



Secure Payments Task Force

Overall Participation Rate is 5%



Of the 46 task force participants who started the survey, 5 have officially submitted their responses

- Participation is indicated by a task force participant filling out any section of the survey
- Participation rate may also be low until task participants officially submit their profile due to group response functionality

Follow Up on Commentary Period Questions from November 17 Meeting

Modifications to Commentary Attribution:

In response to task force concerns regarding attribution of individual commentary and with support of the steering committee, we are modifying the approach for attribution of individual task force participant comments as follows:

- Rather than individually attributed comments available to all within the task force, attributed comments will now only be shared with McKinsey and the proposers.
- As these comments are subsequently shared with the task force, they will be attributed solely by segment designation, and will not be attributed to an individual task force participant.

**Reminder: As stated in the participation agreement, task force participants are not to share information outside of the task force.*

Task Force Commentary Period

Updated Attribution 12/14/16

Output	Primary Receiver & Use	Parties with Access to Materials
Individual Assessment Feedback <ul style="list-style-type: none"> Individual assessment appropriate? (per assessment) Comments on assessment (per assessment) 	<ul style="list-style-type: none"> QIAT (attribution received at the individual task force participant level) – to be included in QIAT deliverables 3 & 4; Final Paper (attribution not published, rolled into themes) 	<ul style="list-style-type: none"> Task force (attribution at the segment level)
Solution Enriching Comments <ul style="list-style-type: none"> Open text offered per proposal 	<ul style="list-style-type: none"> Proposers (attribution received at the individual task force participant level) – for proposer consideration as solutions are brought to the marketplace 	<ul style="list-style-type: none"> Task force (attribution at the segment level)
Challenges and Opportunities Comments <ul style="list-style-type: none"> Collected by workgroup areas of focus and overall 	<ul style="list-style-type: none"> Challenges and Opportunities Sub-work Groups - to inform final report sections (attribution at the segment level) 	<ul style="list-style-type: none"> Task force (attribution at the segment level)
Overall Feedback of Process and Output <ul style="list-style-type: none"> QIA meet objectives? Assessments rated appropriately? 	<ul style="list-style-type: none"> Final report – to provide task force sentiment re: effort & results (attribution not published, rolled into themes) AG – to understand task force view on process & course correct where possible (attribution at the segment level) 	<ul style="list-style-type: none"> Task force (attribution at the segment level)

Task Force Knowledge Central

Commentary Period Resources

- ❑ One stop shop for informative material

Folder Name: Commentary Period Resources

- **Drop-in Call and Webinar Recordings**
- **Education and Reference Materials**
- **Proposals and Assessments**
 - Proposer Q&A Form
- **NEW**: Commentary Period FAQs, Proposer Breakout Session Recordings, Segment Discussion Rooms

- ❑ Placed under the “Payments Task Forces” topic on Knowledge Central

- Secure and Faster Payments Task Force participant access

[-] Commentary Period Resources

[-] @ Bus End-Users Discussion Room

[+] @ Consumer Org Discussion Room

[+] @ Govt End-Users Discussion Room

[+] @ Large FIs Discussion Room

[+] @ Medium FIs Discussion Room

[+] @ Non-Bank Prvds Discussion Room

[+] @ Other Stkhds Discussion Room

[+] @ Small FIs Discussion Room

[+] Drop-in Call and Webinar Recordings

[+] Education and Reference Materials

[+] Proposals and Assessments

The Close of the Commentary Period is Rapidly Approaching!

*You've done the work. With **5,225** proposal downloads, strong attendance at the November task force meeting, and plenty of opportunities to learn more about the proposals – the time is now to make all of that hard work count!*



Please **submit** your commentary
by December 31, 2016!

Please email FasterPaymentsTaskForce@chi.frb.org with any questions regarding the Commentary Period, or trouble accessing/using the tool.



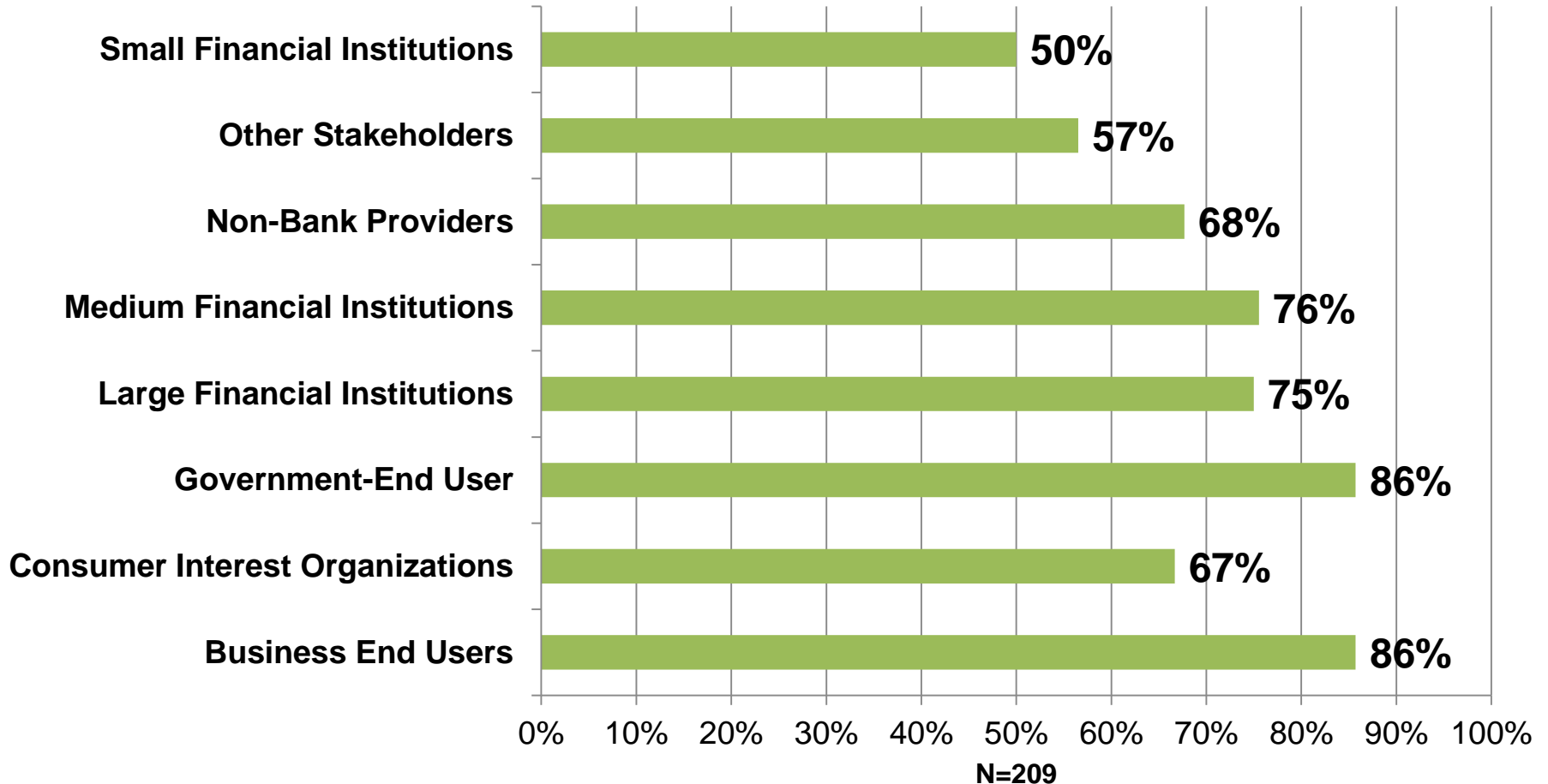
Final Report Part One

Kandie Alter

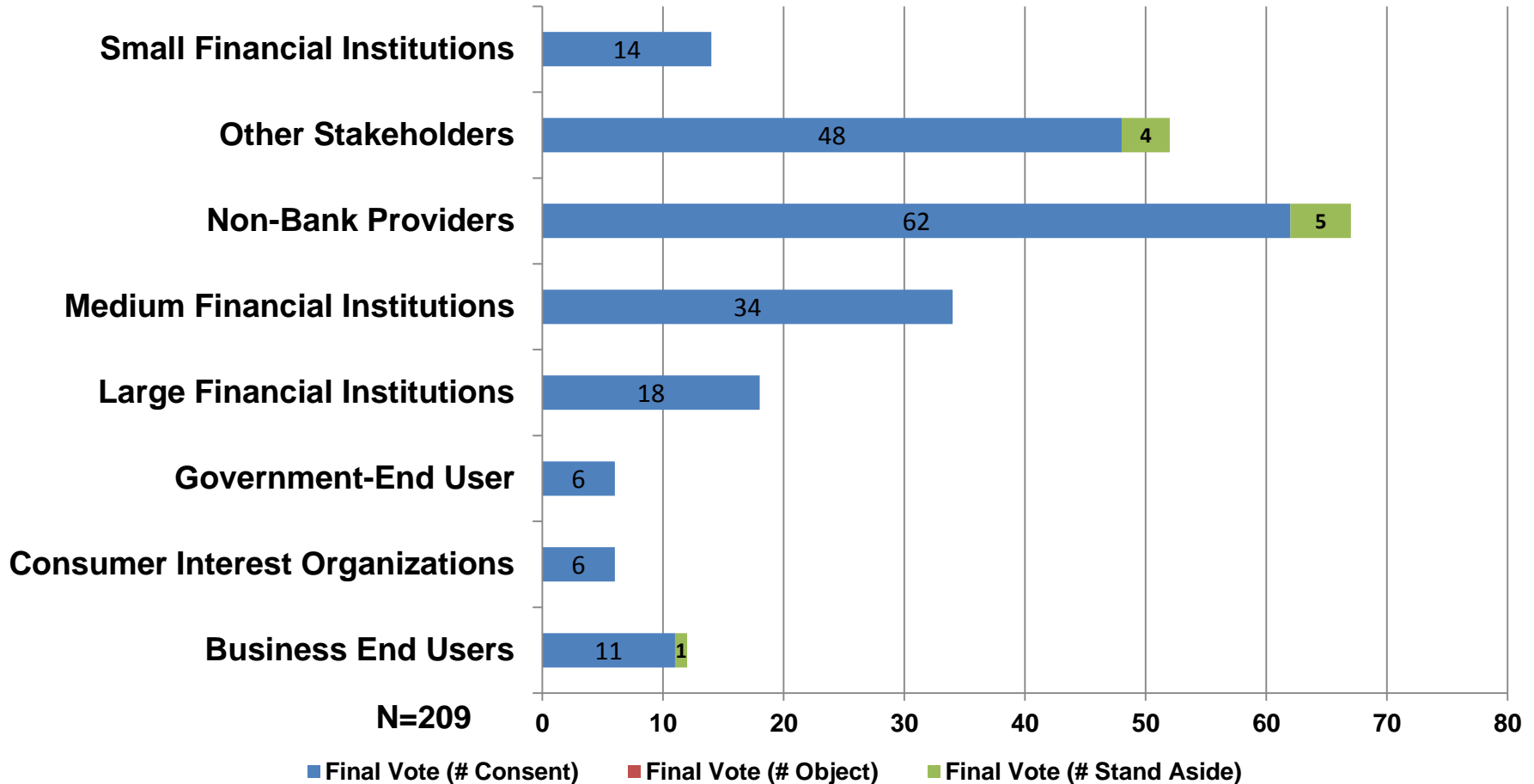
Part One of the Task Force Final Report

- ❑ Decision-Making Framework (DMF) vote complete with 100% consent rate for Part One
- ❑ Solid survey participation with 66% response
- ❑ Thank you for your review and input, task force!

66% of the Faster Payments Task Force Voted on Part One of the Final Report



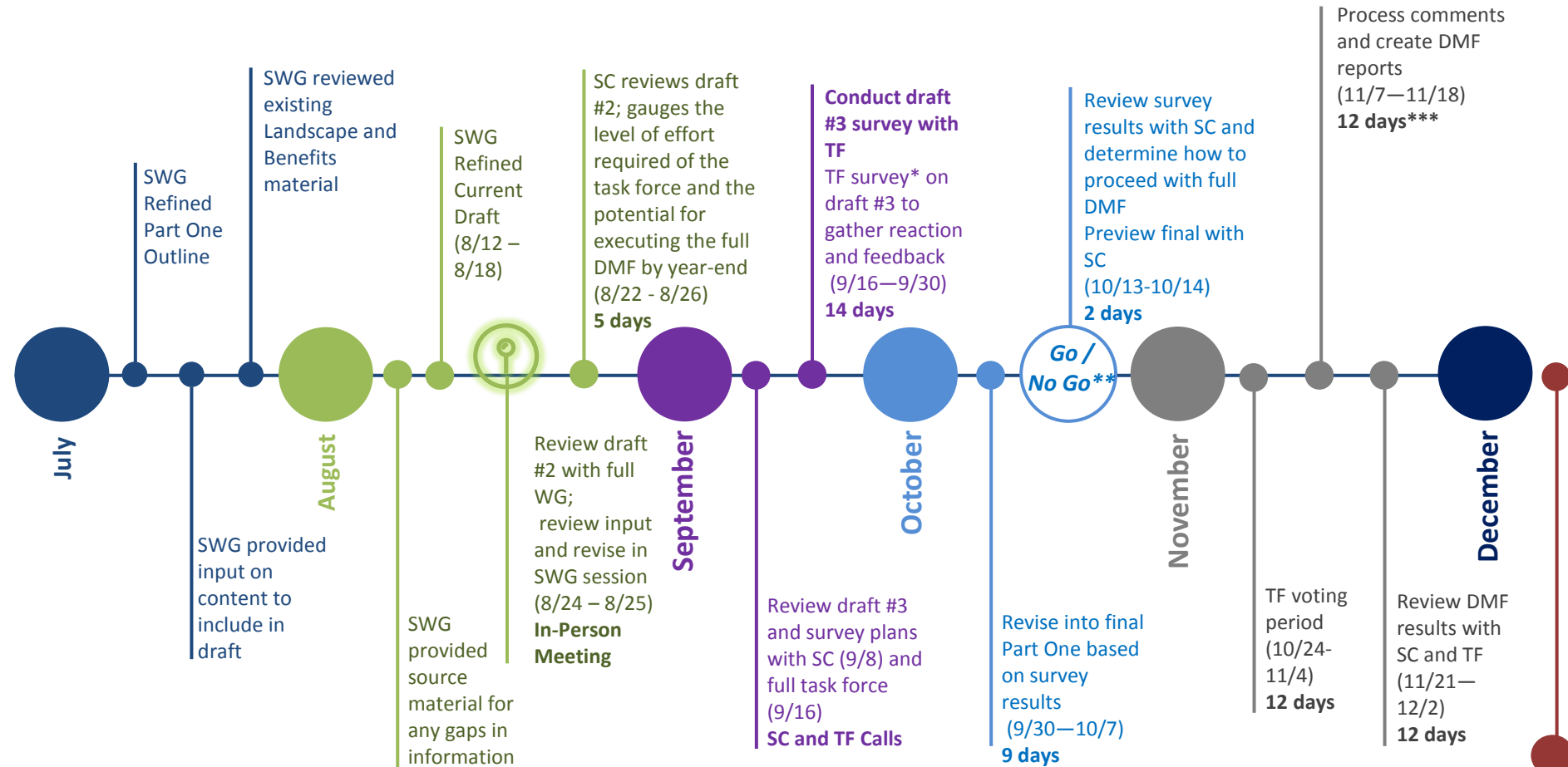
The Faster Payments Task Force Voted to Approve Part One of the Final Report with a 100% Consent Rate



The Faster Payments Task Force Voted to Approve Part One of the Final Report with a **100% Consent Rate**

Voting Segment	Segment Total	No Response	Consent	Object	Stand Aside	Participation Rate	Consent Rate	Object Rate	Stand Aside Rate
Business End Users	14	2	11	0	1	85.7%	100.0%	0.0%	8.3%
Consumer Interest Organizations	9	3	6	0	0	66.7%	100.0%	0.0%	0.0%
Government End-User	7	1	6	0	0	85.7%	100.0%	0.0%	0.0%
Large Financial Institutions	24	6	18	0	0	75.0%	100.0%	0.0%	0.0%
Medium Financial Institutions*	45	11	34	0	0	75.6%	100.0%	0.0%	0.0%
Non-Bank Providers	99	32	62	0	5	67.7%	100.0%	0.0%	7.5%
Other Industry Stakeholders	92	40	48	0	4	56.5%	100.0%	0.0%	7.7%
Small Financial Institutions	28	14	14	0	0	50.0%	100.0%	0.0%	0.0%
Total	318	109	199	0	10	65.7%	100.0%	0.0%	4.8%

Part One Review and Commentary Timeline



* Assumes 1 survey will be adequate

** **If go:** Complete DMF for Dec. release

If no go: Pause on TF 2nd survey, full DMF until January

*** Final voting analysis estimated at 2-4 weeks, based on experience with Effectiveness Criteria.

Part One targeted for release in mid/late-January



Final Report Part Two: Editorial Board Update

Kassi Quimby

Final Report Part Two

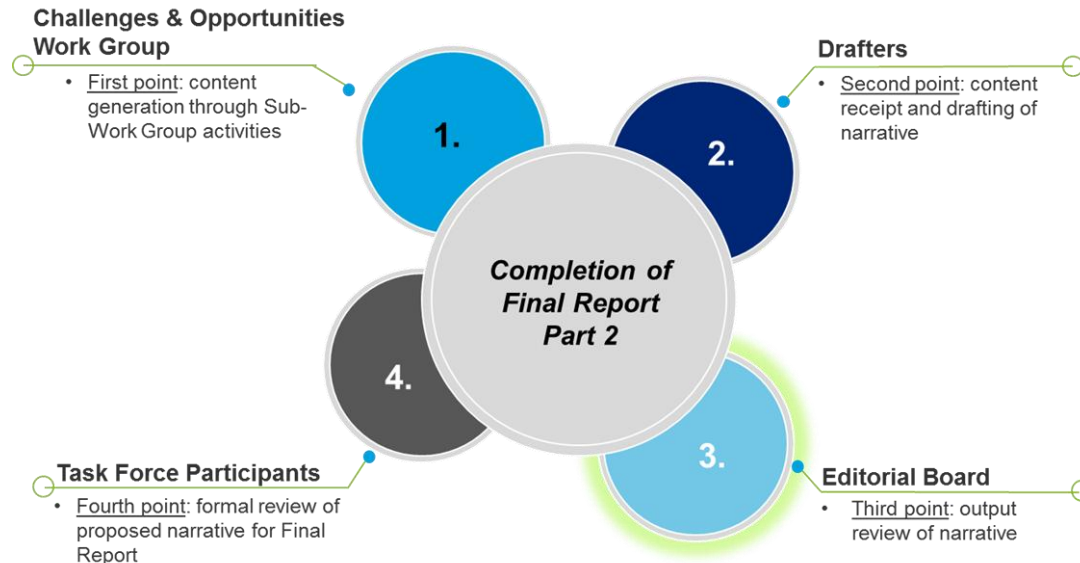
Editorial Board Roster

Name	Segment	Group
1. Steve Bohn	Other	SWG
2. Wanda Chambers	Medium FI	SC
3. Kevin Christensen	Non-bank Providers	SWG
4. Roy DeCicco	Other	SWG/SC
5. Pat DeVilbiss	Other	SWG
6. John Drechny	End Users - Business	SC
7. Jan Estep	Other	SC
8. Chris Gilbert	Medium FI	SPTF SC
9. Steve Ledford	Non-Bank Providers	SC
10. Steve Mott	Other	SPTF SC
11. Ali Raza	Other	SWG
12. Tom Rea	Large FI	SC
13. Rod Reef	Other	SWG
14. Jim Reuter	Medium FI	SC
15. Ian Schweid	Small FI	SWG
16. Christina Tetreault	End Users - Consumer	SC
17. Bradley Wilkes	Non-Bank Providers	SC
18. Ryan Zagone	Non-Bank Providers	SC

Final Report Editorial Board Objectives

EDITORIAL BOARD OBJECTIVES

1. Ensure broad task force input and therefore increase credibility of the report drafts
2. Leverage the time we have to maximize both the number of input points and the value of input received
3. Drive more efficiencies in the commentary period by developing more informed and edited drafts
4. Accelerate the identification of possible issues or topics that may impact the DMF



Final Report Editorial Board Charter

DESCRIPTION

Editorial Board: A representative group of task force members responsible for:

- Reviewing interim drafts (in any form) every three weeks*
- Providing initial, prioritized reaction to concepts, narrative, and TF survey output proposed for use in Final Report
- Coming to 'notional agreement' (i.e., consensus) on directional recommendations (the EB is *not* a decision making body)
- If desired and appropriate, suggesting annotated red-line edits within the draft within a short timeframe

**Editorial Board reviews concurrent to drafting and additional reviews (e.g. fact checking, internal reviews, etc.)*

MEMBERSHIP

Guiding Principle: This committee represents all segments

Members include:

- FPSC Members*
- SWG Leads*
- SPTF SC Representative(s)*
- FPTF Chair, to serve as Board Chair

**Members are responsible for bringing the perspective of the body or segment they represent into the review process.*

CADENCE

- Teleconferences to be scheduled at regular intervals (approximately every 3 weeks) to provide strategic feedback and align on progress with the drafting team

RESPONSIBILITIES

- Provide directional segment/topic perspectives on initial reviews of all documents (concepts and narrative)
- Provide red-line editorial solutions to drafters at regular intervals (rather than solely identifying conceptual issues)
- Provide advice to drafting team following survey feedback
- Keep SC/segments informed of progress and significant discussions

Final Report Editorial Board

Current Status

	2016				2017						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	
EB		Editorial Board Meetings & Ongoing Efforts			✕ 12/13	Participating in iterative Final Report editing exercises					
					✕ 1/5	✕	✕	✕	✕		

Kickoff Meeting: Dec. 13

- Kicked off the Editorial Board and reviewed the objectives, charter, and process
- Editorial Board provided input on initial themes for the Final Report, as well as the Final Report creative

Next Meeting: Early Jan.

- The Editorial Board will meet in Early January to review latest drafting inputs (e.g., initial storyboard, etc.) and any additional related items

Ongoing: Every 3 Weeks

- As discussed, the Editorial Board will provide input on draft content (concepts, narrative, and incorporation of survey feedback) every three weeks
- All meetings invites will be sent shortly



Closing Remarks

Connie Theien