

Faster Payments Task Force Chicago, Illinois February 25-26, 2016 Meeting Summary

Welcome and Opening Remarks¹

Gordon Werkema, Payments Strategy Director, welcomed the Faster Payments Task Force (FPTF) to the meeting. Sean Rodriguez, Faster Payments Strategy Leader, thanked the Faster Payments Task Force for attending and discussed its accomplishments over the last four months, including developing several iterations of the Task Force Glossary of Terms, finalizing an approach to the assessment process, and finalizing and approving the Effectiveness Criteria.

Task Force and Broader Stakeholder Engagement

Connie Theien, Vice President, Federal Reserve Bank of Chicago, provided an overview of an anniversary campaign to expand the awareness of the work completed since the Strategies for Improving the U.S. Payment System paper was published a year ago. As part of the campaign, a [one-year progress report](#) was published on February 2 highlighting accomplishments across all strategies and previewing next steps as well as opportunities for stakeholder involvement. Ms. Theien noted that, at the request of the FPTF, toolkits were distributed to members to support their communication with external stakeholders. The FPTF discussed the toolkits at their tables, noting the features that worked well and those that could be improved. For example, the groups suggested the toolkits could direct segments to the information most relevant to them, and the Federal Reserve could hold guided conference calls to walk through the toolkits. The groups noted the toolkits were timely, comprehensive, and well organized.

Ms. Theien played the first of several videos from Faster Payments Task Force Steering Committee (FPSC) members (these are also available to the broader payments community). She noted that FPTF members can request printed materials, such as progress report brochures and Effectiveness Criteria executive summary, to use at events and conferences. Ms. Theien also highlighted Task Force Knowledge Central, collaboration tool, launched on January 19 in order to enable members to connect, collaborate on work, ask questions, and access meeting materials.

Work Plan Update

Jon Jeswald, Vice President, Federal Reserve Bank of San Francisco, provided an update on the FPTF work plan for 2016 and Q1 2017. Mr. Jeswald noted the original work plan has been reduced by three months with a majority of time saved by using a shorter Qualified Independent Assessment Team (QIAT) Referral for Proposal design process that allows the QIAT to be hired around March 1 and to begin the assessment process on April 1. He stated the FPTF is currently tracking well with the project plan, but encouraged members to refer to Task Force Knowledge Central for any changes to the plan.

Faster Payments Capability Showcase

Dan Gonzalez, Vice President, Federal Reserve Bank of Chicago, provided an update on the Faster Payments Capability Showcase, a forum for providers to display components that can support an end-to-end faster payment system. FPTF members and non-members, who request access, can upload videos to the Capability Showcase portal on Task Force Knowledge Central. Providers may choose to make their submissions public through a YouTube channel. Of the 26 capabilities submitted to date, 22 have elected to go public with their submission.

¹ Veronica Sellers, Senior Vice President and General Counsel, Federal Reserve Bank of Kansas City, reminded those in attendance to participate in a manner consistent with antitrust and other applicable laws.

Mr. Gonzalez provided a live demo of the online Capability Showcase portal and the YouTube channel. He noted certain vendors were available in-person throughout the FPTF meeting to discuss their capabilities, including through office hours or one-on-one meetings at the end of Day 2.

Proposal Process Update

Kylie Stewart, Federal Reserve Board, provided an update on the proposal template. Draft 2 of the proposal template, which incorporates the contributions of a proposal template work group, was circulated to the FPTF in January, along with a survey seeking feedback. Ms. Stewart noted that 25 percent of the FPTF provided responses to the survey and responses to each comment are documented in the annotated version of Draft 3 that was sent to the FPTF on February 19. She summarized the survey feedback and noted that a majority of participants indicated the information collected in the template is “essential” or “informative” and that the guidance is “very clear” or “mostly clear” for each subsection of the template. Ms. Stewart stated the template will be finalized and circulated to the FPTF during the first week of March.

Assessment Process

Qualified Independent Assessment Team (QIAT)

Mr. Jeswald provided an update on the QIAT Referral for Proposal process. He noted the criteria the Federal Reserve used for selection of the QIAT firm included experience and knowledge in payments, independence, process design and ability to manage the process, flexibility to add or remove resources as necessary, and cost. The Federal Reserve will interview 4 of the 16 firms that responded to the RFP and will announce the chosen vendor early March. Mr. Jeswald noted the QIAT’s deliverables include a fully defined QIAT process, preliminary and final assessments for each proposal, and a report including the fully assessed proposals, and the FPTF and proposer responses to the preliminary assessments (“final report”).

Mr. Jeswald stated that in order to meet truncated timelines, a preliminary design for the QIAT process has been designed and will be finalized by the chosen QIAT vendor. A QIAT Advisory Group will be established to aid with the process design and provide oversight of the QIAT.

Qualified Independent Assessment Advisory Group Charter

Kassi Quimby, Associate Director, Federal Reserve Board, introduced the QIAT Advisory Group (AG), and discussed its objectives and milestones. She stated the AG has been formed to provide oversight and counsel to the QIAT on behalf of the FPTF and to promote a fair and independent proposal assessment process. The AG will be comprised of a subset of non-proposing Faster and Secure Payments Steering Committee members from a range of industry segments, and will be chaired by Christina Tetreault, Consumers Union.

Assessment Process Roles and Interaction Model

Ms. Quimby provided an overview of how the QIAT, AG, proposers, and FPTF will interact throughout the assessment process. She stated the parties will have distinct but connected roles as well as key interaction points during the assessment process. Ms. Quimby noted that as a form of checks and balances, there are various points at which proposers can remove themselves from the process. In response to a question about disagreements between the QIAT and proposers, Ms. Quimby stated rather than interpreting the content of a proposal, the AG will facilitate conversations and the differing views on the issue will be documented and included in the QIAT’s final assessment of a proposal. In response to a question regarding the timing of the final report, she noted that a FPTF workgroup will be stood up to finish the report in 2017. Ms. Quimby clarified that while the FPTF will not change the QIAT’s assessment, its role will be to provide commentary on the assessment. Ms. Quimby emphasized that the QIAT will only assess end-to-end solutions.

The FPTF split into breakout groups to discuss any concerns with the assessment process. The various breakout groups presented several recommendations for the assessment process, including a desire to manage the FPTF's workload while also allowing it to provide effective feedback, the need for transparency throughout the process, and a defined a path forward after publication of the final report.

Day Two

Final Task Force Paper

Kandice Alter, Assistant Vice President, Federal Reserve Bank of Chicago, discussed the final report work plan. She outlined the roles and responsibilities of the FPSC, FPTF, and Federal Reserve project team. Ms. Alter noted the objectives of the final report, which include sharing the FPTF's reaction to the QIAT assessment, surfacing any challenges and opportunities with implementing faster payments, and to present recommendations for the industry's implementation of faster payment solutions. Ms. Alter proposed several components for inclusion in the final report and in breakout groups the FPTF discussed the challenges to and opportunities arising from implementing faster payment capabilities in the United States that should be included in the final report. Ms. Alter stated the next FPSC meeting will include a discussion of the feedback from the breakout groups and ways to receive diverse participation and FPTF input for the final report.

Decision-Making Framework

Ken Isaacson, Faster Payments Strategist, Federal Reserve Bank of New York led a discussion on possible refinements to the [Decision-Making Framework](#) (DMF), which became apparent after the use of the DMF for approval of the Effectiveness Criteria. Given the formality and time needed to conduct a formal vote, he proposed the use of the DMF should be more limited for the final report and any other decision proposal that the FPTF Chair, in consultation with the FPSC, believes would benefit from a super majority consensus. Mr. Isaacson also noted the need to reconcile an inconsistency between DMF Provision 2.3 and 2.4 that could cause a conflict if one or more segments stands aside or does not vote.² He stated the FPSC favored DMF 2.3 but preferred to solicit feedback from the broader FPTF. The FPTF discussed the proposals in breakout groups and raised some issues with adopting DMF 2.3. The Federal Reserve noted it will incorporate the feedback as part of the next draft revision to the DMF.

Secure Payments Task Force Update

Todd Aadland, Payments Security Strategy Leader, provided an update on the Secure Payments Task Force's (SPTF's) accomplishments and planned 2016 activities. He stated the Secure Payments Task Force was successful in supporting and collaborating on the FPTF Effectiveness Criteria. Mr. Aadland noted that, at the request of the Secure Payments Task Force, Federal Reserve staff has been deployed to various activities related to standards-setting activities. In addition, Mr. Aadland stated the Federal Reserve, supported by Secure Payments Task Force feedback, is moving forward with expanded payment security research, with a core focus on fraud trend data.

The SPTF also identified key areas that pose the greatest challenges to payment security and as a result established two work groups at the beginning of this year related to Payment Identity Management and Information Sharing for the Mitigation of Payment Risk/Fraud. A Standards Assessment Team was also established to support and collaborate with all workgroups. Another work group on data protection is planned for launch in the second quarter of 2016. Mr. Aadland noted the SPTF identified a need for a legal and regulatory gaps work group, which will continue to be considered.

² Provision 2.3 states that if 1/3 of voting FPTF members or the majority of voting FPTF members in at least two stakeholder segments object then the decision is not ready for FPTF approval. In contrast, provision 2.4 states that if 2/3 or more of voting members and a majority of voting members in each of at least seven of the eight segment achieve majority consent then the Chair has the option to record the decision as approved and final.

Mr. Aadland noted the various opportunities for SPTF/FPTF interaction over the course of the initiative, including the participation of two Secure Payments Steering Committee members on the QIAT Advisory Group, the ability for SPTF members to submit questions and comments to proposers during the assessment process, and the role of the SPTF in reviewing and commenting on the opportunities and challenges to be discussed in the final report.

Close and Next Steps

Mr. Rodriguez closed the meeting by noting the following next steps over the coming weeks: release of a new participation agreement, confirmation of the QIAT vendor, refining the QIAT process based on FPTF feedback, and a March meeting of the QIAT and Advisory Group. Information regarding these activities will be shared on the March FPSC and FPTF calls, and the next face-to-face FPTF meeting in May will focus on the final report. Finally, Mr. Rodriguez acknowledged those proposers currently working on submissions and noted the considerable resources they are contributing to the process.