

Faster Payments Task Force Steering Committee Teleconference March 17, 2016 Meeting Summary

Amended and Restated Participation Agreement¹

Sean Rodriguez, Faster Payments Strategy Leader, started the Faster Payments Task Force Steering Committee (FPSC) call by noting the participation agreement had been amended to respond to feedback from current and prospective Task Force members, and to potentially attract entities that were unable to join under the old participation agreement. Because the agreement must be signed by all proposers as part of proposal submission, the Faster Payments Task Force Steering Committee, potential solution proposers, and the Qualified Independent Assessment Team Advisory Group (AG) received the amended and restated participation agreement on an accelerated timeline. These groups suggested a few additional non-substantive changes and Mr. Rodriguez stated they will receive a revised agreement that incorporates the changes. The Faster Payments Task Force (FPTF) and general public will receive the amended and restated participation agreement at a later date with a May 13 deadline to sign in advance of the May in-person Faster Payments Task Force meeting.

Assessment Process

Proposal Submission

Jon Jeswald, Vice President, Federal Reserve Bank of San Francisco, stated the assessment process is tracking well with the project plan. He noted the Federal Reserve signed a contract with McKinsey & Company (McKinsey) as the Qualified Independent Advisory Team (QIAT) vendor. McKinsey will have six payments experts read each proposal, with several subject matter experts available to perform deep dives on various aspects of every submission, as well as an engagement manager to ensure a consistent approach to how the proposals are evaluated. Mr. Jeswald summarized the contracted Qualified Independent Advisory Team deliverables and next steps required before accepting proposals.

In response to a question regarding the feasibility of current time frames, particularly if the QIAT receives a large number of proposals, Mr. Jeswald stated the timeline assumes a maximum of 12 proposals and that for every additional 4 proposals received, 20 days will be added to the timeline. He noted the Federal Reserve, McKinsey, and the AG will continue to assess options to limit any impact on the final deliverable timeline. Some FPSC members questioned whether the April 15 deadline for solution submissions would be enough time for the development of quality proposals, particularly if the participation agreement is not yet finalized. In response, Mr. Rodriguez noted a 1-2 week extension will be considered, depending on feedback from the March 22 proposer drop-in call.

QIAT Advisory Group

Kassi Quimby, Associate Director, Federal Reserve Board, discussed the AG charter. Chair of the AG, Christina Tetreault, Consumers Union, stated the AG has been formed to oversee process and will not have access to proposal content or proposer identity beyond what is available to the full FPTF. Ms. Tetreault asked the FPSC to identify gaps or concerns with the AG's objectives and none were raised.

Ms. Quimby introduced an updated interaction model that includes the QIAT, AG, FPSC, FPTF, and Federal Reserve. In response to a question regarding the channel through which the AG will have visibility into the QIAT process, Ms. Quimby noted an upcoming in-person QIAT/AG meeting will seek to

¹ Nick Billman, Counsel, Federal Reserve Bank of Kansas City, reminded those in attendance to participate in a manner consistent with Anti-Trust and other applicable laws.

clarify this interaction. Mr. Rodriguez requested the FPSC email the Federal Reserve with additional comments to consider as the QIAT and AG finalize the interaction model.

Ms. Quimby also provided the FPSC with a draft framework for proposers to escalate any issues in the assessment process. An FPSC member suggested that there should be a set of terms that describe ways in which disputes would be addressed and resolved available to proposers.

Feedback from February 25-26 FPTF Meeting

Ms. Quimby presented feedback on the assessment process from the February FPTF meeting, noting FPTF concerns around QIAT vendor selection, QIAT communications, roles in the assessment process, and QIAT oversight and governance. Ms. Quimby noted the next steps for addressing concerns that had not yet been alleviated.

Final Task Force Report

Kandice Alter, Assistant Vice President, Federal Reserve Bank of Chicago, discussed a proposed plan for engaging the FPTF in final task force report. She identified the objectives and proposed components of the final report and discussed the roles and responsibilities of the FPSC, FPTF, Federal Reserve project team, and final report work group. Ms. Alter noted the work group will be comprised of FPTF members from a range of industry segments and will focus primarily on supporting the development and drafting of the final report, particularly around challenges and opportunities with implementing faster payments.

The FPSC discussed various aspects of the work group and established several next steps. The Federal Reserve will put out a call for work group participants and will clarify the objectives and required time commitment. While any FPTF member may volunteer for the work group, participation is not guaranteed because the work group will require proportionate representation from each segment (the FPSC will recruit work group members from certain segments as necessary). The FPSC also concluded it would serve in an advisory role to the work group and an FPSC member would chair the work group.

Close and Next Steps

Mr. Rodriguez ended the call by noting the next FPTF call will take place on March 29 and the next in-person FPSC meeting will take place in San Francisco on April 27-28.