

Faster Payments Task Force Teleconference March 29, 2016 Meeting Summary

Amended and Restated Participation Agreement¹

Sean Rodriguez, Faster Payments Strategy Leader, welcomed the Faster Payments Task Force (FPTF) to the call and noted the participation agreement had been amended to respond to feedback from current and prospect Faster Payments Task Force members, and to potentially attract entities that were unable to join under the old participation agreement. He noted the Federal Reserve will provide Faster Payments Task Force members with a redlined version of the revised participation agreement, a memorandum to explain the changes, and an updated FAQs document. Mr. Rodriguez indicated all Faster Payments Task Force members will receive the revised participation agreement on March 30. The Faster Payments Task Force Steering Committee (FPSC), Qualified Independent Assessment Team (QIAT) Advisory Group, and proposers must sign the agreement by April 30. All other Faster Payments Task Force members and the general public will need to sign the agreement by May 13 in order to attend the May in-person Faster Payments Task Force meeting. Mr. Rodriguez clarified that all Faster Payments Task Force members will need to re-sign the agreement and that the old agreement will become null and void.

Assessment Process

Jon Jeswald, Vice President, Federal Reserve Bank of San Francisco, stated the proposal submission window has been extended and will close at midnight on April 30. He stated the Federal Reserve interviewed 4 firms that responded to the QIAT Referral for Proposal and evaluated the vendors based on their payments experience, ability to conduct an independent assessment, proposed assessment approach, and cost. Based on these criteria, Mr. Jeswald announced the Federal Reserve signed a contract with McKinsey & Company (McKinsey) as the 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 QIAT deliverables and the steps leading up to proposal submissions. He noted that once proposals are submitted, there will be an opportunity for McKinsey to have conversations with proposers to ensure an understanding of the content of the proposals. In response to a question regarding the timing of proposal retraction, Mr. Jeswald noted the deadline for removing proposals from the QIAT will depend on the number of proposals received and that proposers will need to opt-in to have their proposals released to the FPTF and then opt-in again to have their proposals released to the public. An FPTF member asked if the QIAT will be available to answer questions, and Mr. Jeswald stated there may be structured interactions during the May in-person FPTF meeting.

Qualified Independent Assessment Team Advisory Group

Kassi Quimby, Associate Director, Federal Reserve Board, introduced Christina Tetreault, Consumers Union, as the QIAT Advisory Group (AG) Chair. Ms. Tetreault noted the AG has been formed to oversee the process and will not have access to proposal content or proposer identity beyond what is available to the full FPTF. Ms. Quimby introduced an updated interaction model that includes the QIAT, AG, FPSC, FPTF, and Federal Reserve. She noted the channels of interaction are still being finalized and encouraged the FPTF to provide feedback on any remaining gaps in the interaction model.

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

Ms. Quimby provided a draft framework for proposers to escalate any issues in the assessment process. In response to a question on whether AG members would recuse themselves if they are associated with a proposer, Ms. Quimby indicated the AG will not have details regarding proposer identity to be able to recuse themselves. However, she clarified that the AG is not a decision-making body, but rather the AG's goal is to ensure a consistent, credible, and transparent assessment process.

Ms. Tetreault indicated there will be a joint in-person AG and QIAT kick-off session at the end of March or early April. The goal of the session is to collaborate to complete a detailed QIAT assessment process and approach that is fair and objective.

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 Paper

Feedback from February 25-26 FPTF Meeting

Kandice Alter, Assistant Vice President, Federal Reserve Bank of Chicago, discussed FPTF feedback on the challenges and opportunities with implementing faster payments that will be explored in the final task force report. The FPTF suggested six categories for inclusion in the final report: interoperability, ubiquitous adoption, governance model, security, post-paper implementation plan, and rules, standards, and practices.

Final Task Force Paper Work Group

Ms. Alter stated the objectives, roles, and responsibilities of the final report work group. Ms. Alter noted the work group will be comprised of FPTF members from a range of industry segments and focus primarily on supporting the development and drafting of the final report, particularly around challenges and opportunities with implementing faster payments. Ms. Alter announced the work group will be chaired by FPSC member Roy DeCicco, Accredited Standards Committee X9.

Ms. Alter indicated the Federal Reserve will put out a call for work group volunteers, via email, and the FPSC will also recruit FPTF members in order to ensure the appropriate balance of industry segment perspectives and expertise. Interested FPTF members should respond to the email indicating a willingness to participate, relevant expertise, and preferred issues to work on by April 11. 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. Interested FPTF members will be notified if their segment is over capacity by April 28, and the first work group call is targeted for May 5. Ms. Alter noted work group members should expect to meet in-person immediately after the May in-person FPTF meeting.

In response to a question regarding availability of a collaboration tool for writing and reviewing the final report, Ms. Alter stated each FPTF member will have an opportunity to review and comment on the final report but that the tool for doing so is not yet known. In response to a question about Secure Payments Task Force (SPTF) participation on the work group, Ms. Alter indicated the Federal Reserve is meeting with SPTF leadership to discuss ways to incorporate SPTF input.

Close

Mr. Rodriguez ended the call by noting the next in-person FPTF meeting will take place on May 18-19 at the Crowne Plaza Chicago O'Hare Hotel.