

Secure Payments Steering Committee April 18, 2017 Call Summary

Welcome and Opening Remarks¹

Todd Aadland, Payments Security Strategy Leader, welcomed the Secure Payments Steering Committee (SPSC) to the teleconference and thanked the SPSC for its participation at the March Secure Payments Task Force (SPTF) meeting. Mr. Aadland then reviewed the meeting's objectives and agenda and provided updates on the election process for the open SPSC seat for the Non-Bank Provider segment.

Reflections from the March SPTF Meeting

Dorothy Anderson, Federal Reserve Bank of Chicago, quickly reviewed the topics presented at the March SPTF meeting. She noted that the SPTF confirmed that it has the expertise, structure, and tools to address payment security issues. In regards to the SPTF's reactions to the individual sessions, there was general satisfaction with both the agenda topics and the effectiveness of the small discussions. Some SPTF members indicated that more time and discussion could have been dedicated to the Faster Payments Task Force (FPTF) Final Report Part 2. Ms. Anderson also noted that the majority of the SPTF agreed that the Payment Use Cases were ready to be reviewed by the industry. Lastly, the SPTF agreed or strongly agreed that there was effective collaboration, the topics covered were relevant, and they had the opportunity to share perspectives.

Work Group Deliverables and Timeline

Each work group chair provided an overview of accomplishments, next steps, and general feedback received on deliverables from the March SPTF meeting, when applicable.

Law and Regulation Coordination

Suzanne Martindale, Consumers Union, noted that the Law and Regulation Coordination Work Group recently finalized its charter, developed its triage criteria, and shared its request form with the SPTF for review. There was conversation regarding how best to maintain momentum and encourage the SPTF to submit requests. Based on the conversation, it was noted that the requests would most likely come from a combination of individual SPTF members and the work groups.

Standards Assessment Team

Marianne Crowe, Federal Reserve Bank of Boston, noted that the Standards Assessment Team (SAT) recently completed its work for the Payment Use Cases and are finalizing its Analysis Report.² The Analysis Report leverages the team's payments expertise to promote security, including recommendations for potential work for both the SPTF and the Federal Reserve. Ms. Crowe noted that once SAT agrees that the Analysis Report is ready to be circulated, it will be shared with the SPSC, work group chairs, and the Federal Reserve Work Group liaisons. Additional next steps will be communicated with the SPSC during the May teleconference.

¹ John Yanish, Federal Reserve Bank of Minneapolis, reminded those in attendance to participate in a manner consistent with Anti-Trust and other applicable laws.

² Ms. Crowe reported on SAT in the absence of Steve Mott, SAT Chair.

Information Sharing Data Sources

Ed O'Neill, Federal Reserve Bank of Chicago, provided an overview of the feedback obtained from the March SPTF meeting regarding the Information Sharing Work Group's Data Sources.³ The majority of the SPTF agreed that the Data Sources are ready to be shared with the industry for additional feedback and should be publically available. Additionally, based on the table discussions at the meeting, potential curators for the Data Sources include an industry association, a regulator, and academia in priority order. Since the March SPTF meeting, the work group has incorporated the SPTF's feedback and determined that the *Existing Channels for Financial Institutions and Merchants*, which was produced by Subgroup 3 to educate and raise awareness for available channels that can be used by financial institutions and merchants, should be included among the Data Sources.⁴ Finally, Mr. O'Neill provided a timeline of next steps. He pointed out that the work group will solicit feedback on the Data Sources from the industry in April/May and will incorporate that feedback prior to the June SPTF meeting.

Standard Fraud Reporting Requirements

Mr. O'Neill noted that based on SPTF feedback for the Information Sharing Work Group's Standard Fraud Reporting Requirements at the March SPTF meeting, there is strong support to standardize the fraud metrics and reports by payment type and general support to use aggregation points by payment type to serve as the sources of data.⁵ Concerns regarding the use of aggregation points included that it may not be sufficient for every type of payment and that obtaining the data from the aggregation points may be difficult. Mr. O'Neill noted that the work group will continue developing the fraud metrics and reporting requirements before sharing the revised version at the June SPTF meeting in preparation for a Task Force Decision-Making Framework (DMF) vote in the June/July timeframe.

Payment Use Cases

Chris Danvers, American Airlines Federal Credit Union, provided a general overview of the feedback received for each payment use case from the March SPTF meeting. There was general support to share the Payment Use Cases with the industry, with the inclusion of some revisions. He noted that this feedback, along with that received from the SPSC, was incorporated and that the work groups –Payment Identity Management (PIM) and Data Protection – are on track to launch the industry engagement plan to solicit additional feedback. This feedback will be incorporated before sharing the revised version at the June SPTF meeting in preparation for a DMF vote in the June/July timeframe.

Payment Security Framework

Reed Luhtanen, Walmart, noted that since the March SPTF meeting, the PIM White Paper and Data Protection Framework, have merged into one deliverable, the Payment Security Framework. This was done based on the complementary work being produced by PIM and Data Protection work groups. Mr. Luhtanen then provided an overview of the March SPTF meeting feedback for each former stand-alone deliverable. First, as part of PIM's White Paper, the SPTF

³ Mr. O'Neill reported on the Information Sharing Work Group in the absence of Glenn Ulrich, Work Group Chair.

⁴ The Information Sharing Work Group has divided its work efforts into three subgroups. Subgroup 1's objective is to identify key information sharing items and document applicable reporting standards and metrics. Subgroup 2's objective is to identify and inventory the types of information currently shared within the payments industry. Subgroup 3's objective is to develop information sharing best practices.

⁵ Mr. O'Neill reported on the Information Sharing Work Group in the absence of Glenn Ulrich, Work Group Chair.

reviewed the proposed stakeholder perspectives.⁶ The SPTF suggested modifications to key messages to ensure they are correctly reflective of the specific perspective and provided additional potential stakeholder perspectives. Second, the SPTF provided feedback on the components of the Data Protection Framework. Specifically, the SPTF requested clarification on how the Payment Security Principles will be incorporated into the framework. He noted that both work groups are incorporating this feedback into the Payment Security Framework prior to the next SPTF review.

Stakeholder Engagement and Communication

Connie Theien, Federal Reserve Bank of Chicago, noted that the discussions regarding the packaging of deliverables at the March SPTF meeting reinforced the plan to ensure that the deliverables are dynamic, so as to be used by many audiences. She then introduced two planned phases of industry communication. The first uses targeted outreach to industry experts to review and confirm accuracy of the deliverables prior to publication. Examples of this include identifying the right audiences and using different conversation tactics, such as discussions at industry conferences and the use of focus groups. The second phase aims to identify the desired format, usage, and access to support delivery to the industry. She noted that this phase would target the general payments industry and use resources such as online surveys and webinars. Ms. Theien noted the importance of both the Federal Reserve and SPTF to promote industry engagement, as the targeted promotion of SPTF deliverables will be in full force by Q4 of 2017. Finally, she noted that the Design and Delivery Advisory Team are still recruiting members and quickly reviewed the timeline of next steps for industry engagement and communications.

SPTF Engagement on Faster Payments Task Force (FPTF) Final Report

Chris Gilbert, Bankers' Bank of Kansas, and Ms. Theien reviewed the FPTF Final Report objectives – present the results of the FPTF's work, propose recommendations for advancing the payments system, champion the industry to adopt and implement faster payment capabilities, and suggest ideas to maintain momentum. Of the work completed by the FPTF over the years, Mr. Gilbert and Ms. Theien noted that the SPTF played a large role in the creation of the Effectiveness Criteria, the assessment of Faster proposals, and the proposed recommendations for the Final Report. The SPTF provided input for both the Rules and Standards and Fraud Data Sharing recommendations. Most recently, the SPTF had the opportunity to review the draft of the Final Report Part 2 and participate in a drop-in call to provide feedback. Some of the feedback included focusing efforts on domestic payments before cross-border, reflecting more of the SPTF deliverables in the Final Report, and detailing how security will fit into the faster solutions. Ms. Theien noted that the FPTF will continue to solicit input from the SPTF until the Final Report is brought to the FPTF for a DMF in May/June.

Closing Remarks

Mr. Aadland provided an overview of the planned agenda for the April SPTF teleconference. He also noted that the SPTF will have a very busy year due to the progress of the work groups' deliverables and encouraged the SPSC to engage with the industry to promote its work. Mr. Aadland then thanked meeting participants for their contributions and closed the call.

⁶ The current list of stakeholder perspectives includes users, merchants, issuers, originating/receiving depository financial institutions, integrators, regulators, and payment networks.