

Secure Payments Task Force April 28, 2017 Call Summary

Welcome and Opening Remarks¹

Todd Aadland, Payments Security Strategy Leader, welcomed the Secure Payments Task Force (SPTF) to the teleconference and thanked the SPTF for its participation at the March SPTF meeting. Mr. Aadland provided updates on the election process for the open Secure Payments Steering Committee (SPSC) seat for the Non-Bank Provider segment and noted that the Payments Survey, which aims to collect information on the value of the Payment Use Cases in the industry and how the information may be used, will close on May 12th. He encouraged the SPTF to share the survey with colleagues prior to the deadline. Mr. Aadland then reviewed the meeting's objectives and agenda.

March SPTF Meeting

Dorothy Anderson, Federal Reserve Bank of Chicago, quickly reviewed the topics presented at the March SPTF meeting. She also reviewed the responses from the various polls administered during the meeting. Specifically, the majority of the SPTF agreed that the Payment Use Cases were ready to be review by the industry. The SPTF also 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.

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. 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 – launched the industry engagement plan on April 25th to solicit additional feedback. This feedback will be incorporated prior to the Decision-Making Framework (DMF) vote in June/July, with the intent to publish the Payment Use Cases in August/September.

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 complimentary 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 reviewed the proposed stakeholder perspectives.² 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. There was general agreement on the proposed

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 Current stakeholder perspectives include users, merchants, issuers, originating/receiving depository financial institutions, integrators, regulators, and payment networks.

components and support for leveraging the NIST Cybersecurity Framework; however, 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 prior to SPTF review of the Payment Security Framework at the June meeting.

Information Sharing Data Sources

Ed O'Neill, Federal Reserve Bank of Chicago, noted that the majority of the SPTF agreed that the Data Sources was ready to be shared with the industry for additional feedback and should be publically available.³ Based on discussions at the March SPTF meeting, potential curators for the Data Sources included an industry association, a regulator, and academia in priority order. Since the March SPTF meeting, the work group has incorporated that feedback and determined that the *Existing Channels for Financial Institutions and Merchants*, which was produced by Subgroup 3 with the intent to educate and raise awareness for available channels that can be used by financial institutions and merchants, should be included in the Data Sources.⁴ Additionally, the Information Sharing Work Group launched an industry engagement plan in April in order to obtain industry feedback. Finally, Mr. O'Neill provided a timeline of next steps. Feedback from the industry will be incorporated prior to the June SPTF meeting and the Data Sources will go out for a DMF vote in June/July, with the intent to publish in August/September.

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 and share the revised requirements at the June SPTF meeting.

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 communication timeline.

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.

SPTF Engagement on Faster Payments Task Force Final Report

Barbara Bennett, Federal Reserve Bank of San Francisco, quickly reviewed the Faster Payments Task Force (FPTF) Final Report objectives. She then noted the recent changes to the Final Report Part 2's narrative – the addition of a preface to remind readers of the FPTF's purpose and the content in the Final Report Part 1, the inclusion of an overview of SPTF deliverables in the appendix, and an articulated “ask” for a call to action for the industry. In addition, the recommendations have been reordered into three overarching themes: Governance and Regulation, Infrastructure, and Sustainability and Evolution. Of the recommendations pertaining specifically to the SPTF is the Fraud Data Sharing recommendation, which now includes fraud detection and reporting, not just data sharing. Additionally, the responsibility for this recommendation now sits within the FPTF governance framework in coordination with the SPTF. There was much conversation surrounding this change as it seemed to some SPTF members that the SPTF was being excluded from the governance. Ms. Bennett ensured the SPTF that that was not the case; rather, that the faster payments governance should be self-sufficient, not handing off responsibility to another group, and would coordinate with the SPTF. Mr. Aadland reviewed all of the collaboration and coordination already accomplished by the task forces – creation of the Effectiveness Criteria, review of the Faster proposals, participation at the Joint meeting, and the drafting of the Final Report. Finally, Ms. Bennett reviewed the tentative publication timeline where the Final Report Part 2 will go out for a DMF vote in May/June and then be published in June/July.

Closing Remarks

Mr. Aadland thanked the SPTF members for their attendance at this meeting and noted that there are still a number of ways to engage in SPTF work. He noted that the SPTF will have a very busy year due to the progress of the work groups' deliverables and encouraged the SPTF to engage with the industry to promote its work. To do this, the SPTF has been equipped with a communications tool kit. Mr. Aadland then thanked meeting participants for their contributions, reviewed the dates of the 2017 meetings, and closed the call.