

# **Secure Payments Steering Committee Meeting Federal Reserve Bank of Minneapolis August 30-31, 2017 Meeting Summary**

## **Welcome and Opening Remarks<sup>1</sup>**

Gordon Werkema, Federal Reserve Payments Strategy Director, welcomed participants to the Secure Payments Steering Committee (SPSC) meeting. He thanked the SPSC for its commitment to both the Secure Payments Task Force (SPTF) and Faster Payments Task Force (FPTF) initiatives and expressed the importance of the SPSC's continued efforts. Mr. Werkema noted this is his last SPSC meeting as he is retiring from the Federal Reserve. He introduced David Sapenaro, who is the First Vice President at the Federal Reserve Bank of St. Louis and will be succeeding Mr. Werkema as Federal Reserve Payments Strategy Director. Mr. Sapenaro expressed his enthusiasm to be attending this meeting and to gain more insight into the current workings of the SPSC. Todd Aadland, Payments Security Strategy Leader, also welcomed Mr. Sapenaro and thanked Mr. Werkema for all of his support with SPTF endeavors. In addition, Mr. Aadland introduced Kim Robbins, Senior Vice President of the Payments Strategy Division at the Federal Reserve Bank of Kansas City. Mr. Aadland noted the Ms. Robbins is assuming responsibility for the SIPS Program Management Office. Finally, Mr. Aadland quickly reviewed the meeting's objectives and the agenda.

## **Payment Use Cases**

Tammy Hornsby-Fink, Federal Reserve Bank of Richmond, emphasized that the purpose of the Payment Use Cases is to provide a common understanding of payments flows for all practitioners and specialists. Since the review period opened in June, 40 SPTF members have contributed nearly 500 pieces of feedback, which included areas of both alignment and misalignment within the use cases. Based on the feedback, the work groups, Payment Identity Management (PIM) and Data Protection, have provided recommendations for clarifying several of the identified misalignments. Ms. Hornsby-Fink noted that the work groups will continue to work through the original feedback and complete a comprehensive review of all of the Payment Use Cases' revisions. Finally, she noted that the feedback received at this meeting, pertaining to the use cases, will be shared with the work groups. Once SPSC comments are incorporated, the work groups will vote to determine whether the Payment Use Cases are ready to be sent to the SPSC for final review.

## **Decision Making Framework Vote Review**

Connie Theien, Federal Reserve Bank of Chicago, reviewed the Decision Making Framework (DMF) voting process, as both the Payment Use Cases and the Data Sources may soon be reaching this milestone.<sup>2</sup> She noted the importance of the SPSC members engaging, educating SPTF members on the voting process, and promoting participation within their SPTF segments. Due to recent feedback and modifications to the Payment Use Cases, the SPSC was asked to review the changes with the SPTF. Tentatively, both deliverables are expected to reach the DMF voting process in October.

## **Payment Security Framework**

---

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

<sup>2</sup> In order for a deliverable to pass, 60 percent of the SPTF must participate in the vote. There must also be a 67 percent pass rate and no more than one industry segment objecting.

Ed O’Neill, Federal Reserve Bank of Chicago, provided an overview of the Payment Security Framework, which is a product of the PIM and Data Protection work groups. Of the five framework components, Mr. O’Neill explained that since the June meeting, the work groups have been incorporating SPTF feedback into the Stakeholder Perspectives and Payment Security Principles components.<sup>3</sup> The next step for these two components is to finalize them in preparation for industry feedback.

Mr. O’Neill also introduced a Declaration Proposal to use the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) as the recommended security framework. The chairs of the PIM and Data Protection work groups, Chris Danvers, American Airlines Federal Credit Union, and Reed Luhtanen, Walmart, respectively, provided the SPSC with their work group views. In general, they believed that the Declaration Proposal was in scope for the work groups to at least further assess the proposal, but stressed the importance of gaining work group agreement, gaging the potential impact this could have on current work, and determining next steps. The SPSC agreed with this direction and asked the work group chairs to engage the work groups and return to the SPSC with a recommend path forward.

Mr. O’Neill then explained that the SPTF will soon be asked to support the proposed industry engagement plan. The engagement plan will require consensus from the SPTF on the Payment Security Framework and in turn spread awareness of the framework across the payments industry. The industry engagement plan is slated to launch in September 2017.

### **Standard Fraud Reporting Requirements Proposal**

Mr. O’Neill explained that the Standard Fraud Reporting Requirements aim to establish a consistent way to define, categorize, and report fraud by payment type. In addition, the requirements aim to help identify and analyze channels of fraud, which can then be categorized by segment and payment type. Since the June SPTF meeting, where the SPTF reviewed the proposal, notable progress has been made to obtain additional feedback on the proposed payment type aggregation points, which are a selection of large industry participants within each payment type, by aligning with those subject matter experts. Next, the work groups intend to meet with the agreed upon aggregation point representatives. Lastly, the SPSC was asked to support an industry engagement plan for the Standard Fraud Reporting Requirements, which would launch in September 2017.

### **SPSC Conversation on Going Forward**

Mr. Aadland opened the conversation with the SPSC to evaluate the current state of the SPTF. Much of the conversation related to continued education for the SPTF, especially as the participant roster evolves. Stemming from this, many SPSC members expressed the need for both additional recruitment and stronger engagement in order to strengthen the SPTF. In addition, there was a push to ensure even representation and discussion across all forms of payment types at work group and SPTF meetings. In terms of engagement with the industry, the SPSC is enthusiastic about the progress made on the work groups’ deliverables, which are intended to be published later in 2017.

### **Closing Remarks and Next Steps**

Mr. Aadland reviewed the calendar for remaining SPSC and SPTF meetings. He noted the importance of keeping the SPTF up to date on various work group deliverables and stressed the importance of

---

<sup>3</sup> The Payment Security Framework is comprised of five components: Stakeholder Perspectives, Payment Security Principles, Baseline Security Practices, Recommended Security Practices, and the Look Forward on Payment Security.

continuing security dialogue across all segments of the payments industry. Finally, he thanked the SPSC for attending.