

Secure Payments Task Force Steering Committee September 8, 2016 Call Summary

Welcome and Opening Remarks¹

Todd Aadland, Payments Security Strategy Leader, opened the Secure Payments Task Force Steering Committee (SPSC) teleconference and reviewed the meeting objectives and agenda.

Work Groups Update

Mr. Aadland stated that in the last three weeks, Work Group chairs have had the opportunity to meet with their respective work groups to discuss the feedback provided by the SPSC during its August 17-18 in-person meeting in San Francisco. Mr. Aadland asked the Work Group chairs to provide an update on these discussions. Nancy O'Malley, MasterCard, stated that the Payment Identity Management (PIM) Work Group agreed with the SPSC's feedback, highlighting that the Work Group members agreed to prioritize payment types based on relative risk. Ed O'Neill, Federal Reserve Bank of Chicago, stated that, similar to PIM, the Information Sharing for the Mitigation of Payment Risk / Fraud Work Group agreed with the SPSC's feedback, highlighting that the Work Group has decided to de-prioritize consumer awareness from its work effort in response to the feedback.² With respect to the Data Protection Work Group, Mr. O'Neill stated that the members agreed with the SPSC's feedback. He noted that the Work Group agreed to incorporate the solution to develop baseline security requirements into the data protection framework solution, because the two are closely related.

Standards Assessment Team Challenges, Desired Outcomes, and Solutions

Stephanie Goyert, Deloitte, facilitated an in-depth discussion on the current direction of the Standards Assessment Team (SAT). SPSC members discussed the challenges and desired outcomes identified by the SAT, as well as several proposed solutions to address the industry challenges. Steve Mott, BetterBuyDesign and SAT chair, agreed to socialize the SPSC recommendations with the SAT.

Mr. Mott provided an overview of the main challenge the SAT hopes to address. He stated that because the payments industry is inundated with a large quantity of complex, highly technical standards, most industry participants – including members of the work groups – do not have the resources or expertise to understand how they apply to payment security processes. SPSC members generally agreed with the challenge. However, several SPSC members underscored that the main function of the SAT should be to provide support for the Secure Payments Task Force (SPTF) work groups rather than to work on broader industry initiatives.

SPSC members also discussed two desired outcomes identified by the SAT. The first desired outcome is that the work groups have access to an inventory of easily-digestible information on applicable standards to advance their work efforts. Such an inventory would include detailed descriptions of the standards; an assessment of their value; identification of gaps; and recommended opportunities. SPSC members generally agreed with this desired

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 Due to scheduling conflicts, Mr. O'Neill reported on the Information Sharing Work Group and Data Protection Work Group in lieu of the Work Group chairs.

outcome but had differing views on whether value assessments of existing standards should be in scope; several committee members believed it would be difficult to conduct such assessments in an impartial manner. The second desired outcome is that SPTF work groups identify where there is a need to create new or improve standards that address gaps in payment security. SPSC members generally agreed with this desired outcome, but one member expressed his view that developing new standards is counterproductive given the large volume of standards that already exist in the industry.

To address the challenges and desired outcomes, SPSC members discussed three potential solutions identified by SAT. The first solution is to develop an annotated inventory of the most relevant payment security standards. As with the desired outcomes discussion, several SPSC members reiterated their concerns with assessing the value of existing standards because different industry segments might have different views on the value. The second solution is to identify critical gaps in standards by reaching consensus with key stakeholders. The third solution is to identify options to close payment security gaps by promoting adoption of existing standards or encouraging development of new ones where there are not existing standards. SPSC members classified the proposed solutions based on their perceived value and likelihood of success. In terms of value, SPSC members classified solution 1 as low-to-medium and solutions 2 and 3 as medium-to-high. In terms of likelihood of success, SPSC members classified all three solutions as medium. SPSC members also discussed whether SAT or the work groups would be responsible for implementing certain aspects of the proposed solutions. Mr. Aadland emphasized that the SPTF does not have the authority to develop new standards since it is not an accredited standards body. Instead, he noted that the SPTF could make recommendations to the appropriate industry standards body.

Next Steps and Closing Remarks

Mr. Aadland provided an overview of the objectives for the upcoming September 13 teleconference, highlighting the plan to communicate recent work group updates to the task force. In addition, Mr. Aadland noted that the Federal Reserve continues to review input provided by the SPSC during its August meeting, including recommendations related to the structure of the soon-to-launch Law and Regulation Coordination Work Group and the proposal for the SPTF to develop and seek industry feedback on specific non-binding resolutions (e.g. “the SPTF believes the industry should build solution X”). Mr. Aadland closed the call and thanked SPSC members for their contributions.