Secure Payments Task Force Steering Committee
Federal Reserve Bank of Dallas
October 1-2, 2015 Meeting Summary

Welcome and Opening Remarks

Gordon Werkema, Federal Reserve Payments Strategy Director, opened the Secure Payments Task Force (SPTF) Steering Committee meeting, noting that both task forces have made very good progress since the Strategies for Improving the U.S. Payment System paper was issued earlier this year. Mr. Werkema highlighted that over the past several months, the SPTF has established a solid foundation to address fraud risk and advance the safety, security, and resiliency of the payment system. Mr. Werkema underscored the importance of the SPTF Steering Committee's leadership role, noting that its engagement and collaboration are critical to the success of the SPTF. He also highlighted integration between the two task forces and recognized Steve Mott for volunteering to lead the effort to review Faster Payments Effectiveness Criteria with security attributes. Mr. Werkema also formally introduced Todd Aadland, the recently named Payments Security Strategy Leader and again thanked Barb Pacheco, Senior Vice President, Federal Reserve Bank of Kansas City for her leadership of the payment security strategy work. He then introduced John Yanish, Deputy General Counsel, Federal Reserve Bank of Minneapolis, who reminded attendees to participate in a manner consistent with antitrust and other applicable laws.

Mr. Aadland welcomed participants and reviewed the meeting agenda. Mr. Aadland also thanked Ms. Pacheco for her service as interim Payment Security Strategy Leader and noted that Ms. Pacheco will continue to support both task forces moving forward.

Faster Payments Task Force Work Plan Update

Sean Rodriguez, Federal Reserve Faster Payments Strategy Leader, reviewed the Faster Payments Task Force's (FPTF) recently revised approach for developing final work products, highlighting that the FPTF plans to implement a qualified independent assessment (QIA) process for review of faster payment solution proposals. Mr. Rodriguez stated that the FPTF ultimately plans to publish two reports. The first report will summarize the results along with comments from task force members and responses from proposers. The second report will discuss strategic issues and gaps to be addressed for successful implementation and adoption of faster payments in the United States. One committee member asked whether there is a process in place to select experts to administer the QIA process. Mr. Rodriguez noted that the Federal Reserve is considering several approaches to implementing QIA and plans to discuss them with the FPTF and provide an update at a future SPTF meeting.

Mr. Rodriguez provided a high-level overview of the steps solution proposers would take to submit a proposal for QIA, highlighting that the FPTF is currently producing a number of materials – including proposal templates, work group guidelines, and assessment procedures – to support the process. In response to a committee member's concern that FPTF members may lack incentive to submit proposals, Mr. Rodriguez noted that the assessment process would enable proposers to gain significant industry visibility and receive feedback from a diverse

community of industry experts, which would allow the proposers to fine tune and optimize their solutions.

Faster and Secure Task Force Integration Plan

Mr. Aadland reviewed a proposed integration plan for the Faster and Secure Payment Task Forces, illustrating points in the proposal assessment architecture (PAA) where the SPTF might collaborate with the FPTF. In particular, Mr. Aadland noted that the SPTF has the opportunity to (i) provide input to the faster payments effectiveness criteria related to security, (ii) develop and showcase security components for faster payment solutions, (iii) provide comments on QIA, and (iv) contribute to the FPTF's final report that will identify strategic issues and barriers to implementing a safe, ubiquitous, and faster payments capability. Steering Committee members endorsed the proposed integration plan and provided suggested wording edits to help clarify expectations of SPTF members. Mr. Rodriguez noted that the Federal Reserve would incorporate feedback from both task forces' Steering Committee members and submit the revised integration plan to both task forces in November.

Faster Payments Task Force Effectiveness Criteria

Ken Isaacson, Senior Vice President, Federal Reserve Bank of New York, provided an update on the draft effectiveness criteria for evaluating alternative faster payment approaches. Mr. Isaacson noted that his team received feedback on draft 2 of the criteria from a wide variety of sources, including recommendations from two task force working groups (one focused on legal issues, the other on security issues), input from discussion sessions at FTPF and SPTF meetings, and results of surveys soliciting feedback from members of both task forces. Mr. Isaacson noted that approximately half of the criteria are ready for distribution in draft 3. The remaining half require additional review by experts in both task forces to help resolve issues identified in these criteria and will be distributed in draft 4.

Steve Mott, CEO, BetterBuyDesign, provided an overview of the SPTF Security Criteria Work Group (Work Group) efforts over the last several weeks. Approximately 45 SPTF members participated in the Work Group by helping to refine the definitions, considerations, and effectiveness scale of four security criteria that ranked high in importance and generated substantial discussion at the August 25-26 SPTF meeting[1]. In addition, Work Group members provided suggested additions and edits to the Glossary of Terms. The Work Group distributed a final report summarizing its recommendations to steering committee members for their consideration.

Steering Committee members refined and clarified several of the recommended changes to the security criteria included in the Work Group's final report. Committee members came to a consensus on the vast majority of the recommended changes. The majority of Steering Committee members disagreed with the recommendation to specify in S.11 (end user authentication) that providers should re-authenticate end users based on the risk-weighting of a transaction. Mr. Isaacson thanked the Work Group and Steering Committee for their efforts and noted that their input would be incorporated into draft 4 of the criteria.

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[1] The four security criteria are S.5 (fraudulent or erroneous payments), S.8 (security controls), S.10 (end user privacy), and S.11 (end user authentication). In addition to these four criteria, the Work Group voluntarily provided recommendations related to other security criteria, in part, to help align them with the suggested edits made to the four criteria under consideration.

Identifying Task Force Work Groups

Mr. Aadland reviewed a list of ideas SPTF members generated at the August 25-26 meeting for potential SPTF work efforts to help address the SPTF's priority topics in payment security. Committee members met in breakout groups to refine the ideas and evaluate them based on their value and viability. Following the breakout exercise, committee members jointly reviewed and further modified the work effort ideas, and discussed opportunities to combine ideas that overlapped. Committee members then completed a priority assessment by informally indicating which work efforts they considered to be highest priority.

Mr. Aadland reviewed a proposed plan for the SPTF to launch work efforts. Under the plan, Steering Committee members would review the refined list of ideas with SPTF members during upcoming segment calls in October. At the in-person meeting in November, SPTF members would review the Steering Committee's initial priority assessment and ultimately identify top work efforts to launch. A small number of work efforts would be launched in Q4 2015 or Q1 2016. Committee members generally endorsed the proposed plan, but several committee members suggested staggering the launch dates for new work efforts to help spread out demand on task force member time. A few committee members proposed to stand up at least one work effort early on that would likely produce a "quick win" to help maintain task force momentum.

Engagement Planning

Connie Theien, Vice President, Federal Reserve Bank of Chicago, led a discussion of a proposed task force and community engagement plan, noting the plan's objectives and deliverables, as well as task force participation expectations and potential collaboration tools. Committee members generally agreed to avoid setting strict participation requirements for task force members. Instead, to foster strong participation, committee members agreed that it would be more productive to focus on creating an engaging environment for task force members (e.g., by ensuring that meetings and work groups are productive and interesting). In addition, committee members generally endorsed the idea of soliciting feedback and input from the wider payment community (i.e., entities not involved with the task forces), as opposed to simply informing it of task force activities. One committee member raised a concern regarding the practice of SPTF members sending delegates to meetings in their stead, noting that delegates may not have the background or expertise to contribute to meetings. In response to this concern, committee members had differing opinions on whether to create a separate status for delegates (e.g. as non-voting members). In response to a question, Ms. Theien noted that her group actively monitors for gaps in engagement across industry segments by collecting and analyzing attendance data. Ms. Theien noted that both Steering Committees and task forces would have the opportunity to provide comments on the engagement plan in the coming weeks, and that she hopes to finalize the plan by the end of November.

Agenda Planning for November SPTF Meeting

Mr. Aadland reviewed a proposed agenda for the November 9-10 SPTF meeting. Steering Committee members proposed to delineate clearly the SPTF's work stream related to faster payments from the SPTF's other work streams. Committee members broadly suggested hosting a pre-meeting webinar to cover topics that do not require task force input (e.g. updates, presentations, etc.), noting that this would help to free up the agenda of the in-person meeting for topics that require more interaction.