

Secure Payments Task Force Steering Committee October 12, 2016 Call Summary

Welcome and Opening Remarks¹

Todd Aadland, Payments Security Strategy Leader, opened the Secure Payments Steering Committee (SPSC) teleconference by summarizing recent accomplishments of the Secure Payments Task Force (SPTF) and coordination with the Faster Payments Task Force (FPTF), particularly in regard to the faster payments proposals. Mr. Aadland reviewed the meeting objectives and agenda. He then turned the discussion over for an update on the Task Force Declaration proposal.

Task Force Declaration Proposal

Ed O'Neill, Federal Reserve Bank of Chicago, provided an overview of the Task Force Declaration proposal. Mr. O'Neill reminded the SPSC of the purpose of a declaration and how the SPSC envisions the SPTF will use approved declarations to request action in the payments industry in order to promote security. For a declaration to be in scope for the SPTF, it must be relevant to payment security matters and be a topic or issue that is not supported by SPTF current work group efforts. Mr. O'Neill noted that all declarations must be submitted using the formal request form, be sponsored by an SPSC member, address security issues, and provide value to the industry. Finally, the approval process begins with a review by the SPTF chair in consultation with the SPSC. If the declaration is approved at this level, the SPTF then has the opportunity to review and approve it. The declaration only enters the industry once both the SPSC and SPTF have approved it.

Catherine Parsons Dhamija, Deloitte, facilitated a discussion to solicit feedback on the proposed Task Force Declaration proposal. The SPSC generally endorsed the proposal and discussed a few minor modifications. For instance, much of the discussion focused on ensuring that work group efforts would not be duplicated by the declarations. In order to minimize this possibility, it was agreed that the work group chairs should be involved in the review process; however, the SPSC as a whole should be in consensus on whether a declaration is in scope. Because the SPSC was in agreement, Mr. Aadland suggested discussing the declaration proposal and process at the upcoming SPTF meeting.

Law and Regulation Work Group: Triage Model Proposal

Tammy Hornsby-Fink, Federal Reserve Bank of Richmond, provided an overview of the Law and Regulation's Triage Model proposal, which was first discussed during the August SPSC meeting.² Ms. Hornsby-Fink noted that this group would have the same Federal Reserve support as the other work groups but that the structure for work group membership would differ. Core membership would include a limited number of members who are actively engaged with

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 The Law and Regulation Work Group was first introduced at the August SPSC meeting in response to industry challenges regarding law and regulation. There it was emphasized that this Work Group would use subject matter experts to address these challenges.

the SPTF. They would be responsible for triaging requests and working on approved work group efforts. Ad hoc members would participate in approved work group efforts based on their specific expertise. The triage process would begin with a formal submission and need to meet various requirements, including sponsorship by a SPSC member and pertaining to the security-related laws and regulations in the payments industry. The triage process will be as transparent as possible, with the results shared with the submitter and sponsor. Finally, she mentioned that the output may be provided to a different work group or directly to the SPTF. The output must follow work group guidelines or go through the Decision-Making Framework process.

Ms. Parsons Dhamija also facilitated a discussion for this proposal. The SPSC agreed with the majority of the proposal; there was, however, additional conversation regarding specific details. For instance, the SPSC decided that the interaction between the work groups and the Law and Regulation Work Group should not end once an output is provided, but that ongoing communication and iteration would likely be required. Mr. Aadland noted plans to formally introduce the proposal at the November SPTF meeting.

Work Group Efforts

Dorothy Anderson, Federal Reserve Bank of Chicago, provided an overview of the results from a recent Task Force Survey, which solicited feedback on the work groups' efforts. Although the response rate was lower than anticipated, most participants agreed with the work groups' proposed solutions. Some comments focused on the challenge of keeping output current once it is in the industry, the importance of a drive for adoption, and the need to determine potential technical and financial limitations participants may have.

Work group chairs provided an update on the three active work groups, all of which have met since the September SPTF teleconference. Nancy O'Malley, MasterCard, noted that the Payment Identity Management (PIM) Work Group has now completed eight use cases for mapping out inherent risk assessment. Subgroup 3 is now working on an initial document for the application of these use cases.³ Glenn Ulrich, U.S. Bank, discussed the Information Sharing Work Group's progress. The work of subgroup 2 is coming to a close following their successful identification of data information resources, and subgroup 3 is now focusing on formatting this information to be useful to the industry at large.⁴ Ms. Hornsby-Fink provided an overview of the Data Protection Work Group's meeting, which focused on key principles and recommendations regarding data protection, with the intention of sharing them with the SPTF in November.⁵ Additionally, the Work Group had a joint session with PIM and hope to utilize some of PIM's use cases. Mr. Aadland explained that the Standards Assessment Team (SAT) is working with the

³ The PIM Work Group has divided its work efforts into three subgroups. Subgroup 1's objective is to inventory and understand the relative adoption rates of the existing processes by which identity is established, verified, and subsequently authenticated. Subgroup 2's objective is to develop and complete a risk-based process to assess the strengths and weaknesses of those existing processes. These two subgroups have recently merged and are working collaboratively on the aforementioned efforts. Subgroup 3's objective is to explore possibilities to bridge gaps in PIM practices and to develop a framework to establish, create and propose PIM policies, practices, and protocols to guide the industry.

⁴ The Information Sharing Work Group has divided its work efforts into three subgroups. Subgroup 1's objective is to identify key information sharing terms 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 Ms. Hornsby-Fink reported on the Data Protection Work Group for Reed Luhtanen, Work Group chair.

Data Protection Work Group to identify any industry gaps.⁶ SAT also focused on the role they can play in reviewing faster payments proposals from a standards perspective.

SPTF Meeting and Closing Remarks

Mr. Aadland provided an overview of the upcoming November 14-15 SPTF meeting and November 16 Joint SPTF/FPTF meeting. The SPTF meeting will obtain feedback on the Task Force Declaration proposal and formally introduce the Law and Regulation Work Group's Triage Model proposal. He noted that the Joint meeting will provide an opportunity for SPTF members to engage with FPTF members and discuss the faster payments proposals. Mr. Aadland closed the call and thanked the SPSC members for their participation.

⁶ Mr. Aadland reported on the Standards Assessment Team for Steve Mott, Chair.