

In Pursuit of a Better Payment System

Faster Payments Task Force



Faster Payments Task Force Teleconference

October 29, 2015

1:00 – 2:00 p.m. ET

**Segment Calls: 2:00 – 3p.m. ET*

Anti-Trust Compliance Statement

Task Force Participants are expected to ensure that their participation and communications at Task Force meetings do not violate antitrust laws.

This means that no activity or discussion at our meetings or other related functions may be engaged in for the purpose of bringing about any understanding or agreement among participants to do any of the following: (a) raise, stabilize, or set future prices; (b) regulate future production levels among individual participants; (c) allocate geographic markets or customers; (d) encourage boycotts or seek to exclude specific participants; or (e) aid in creating improper monopolies.

In addition, participants should avoid discussing or revealing any individual participant's competitively sensitive information, including any participant's prices, discounts, costs, capacity, inventory, sales, future business plans, or bids for contracts.

Any questions regarding the meaning or applicability of this statement, as well as any concerns regarding activities or discussions at Task Force meetings, should be promptly brought to the attention of counsel for the Federal Reserve Bank, present at the meeting.



Welcome and Agenda Review

Sean Rodriguez

Agenda

TIME	TOPIC	PRESENTER
5 minutes	Welcome and Agenda Review	Sean Rodriguez
20 minutes	Updates <ul style="list-style-type: none">• Status of Work Plan• Task Force and Broader Stakeholder Engagement—Community Engagement• Capability Showcase• Faster and Secure Task Force Integration	Sean Rodriguez
15 minutes	Effectiveness Criteria	Ken Isaacson
15 minutes	Final Work Product – Revised Approach <ul style="list-style-type: none">• Proposal Assessment Architecture (PAA)• Qualified Independent Assessment (QIA)	Kylie Stewart Sean Rodriguez
5 minutes	Next Meetings and Close	Sean Rodriguez



Updates

Sean Rodriguez

Status of Work Plan

High-level Update

- ❑ Work has begun to develop an integrated plan for the Faster Payments Initiative
 - We are working through the details of the plan to ensure that we have allocated sufficient time and resources to each deliverable

- ❑ We will be in a position to share a draft of the work plan in November

- ❑ Initial indications are that we will be challenged to meet a year-end 2016 date, but are exploring options and creative solutions

Task Force and Broader Stakeholder Engagement

Feedback from the September 21-22 Meeting

- High-level Feedback from Table Top Discussions
 - Improve timing and logistics
 - Roll out enhanced technology/collaboration tools
 - Support relationship development amongst task force members and with steering committee
 - Develop messages and tools to enable task force members to engage their networks
 - Proactively pursue outreach opportunities including traditional media and social media

Task Force and Broader Stakeholder Engagement

Next Steps

Plan Development

<i>Early November/</i>	Steering Committees Review and Comment on Plan
<i>Mid-November</i>	Task Forces Review and Comment on Plan
<i>Late November</i>	Plan Finalized

Quick Hits – In Progress

1. Speaker Toolkit Slides (targeted monthly updates)
2. Task Force and Broader Stakeholder Engagement on Criteria



Capability Showcase

Objectives:

- Establish a forum where providers can showcase capabilities that could support faster payments solutions
- Foster opportunities for providers to link capabilities to potentially create a proposal
- Highlight providers' areas of expertise in support of faster payments solutions to inform the task force as proposals develop

High-level Process:

- Based on task force feedback and timing constraints, capability showcase would take place via videos and online profiles
- Profiles would exist as part of the showcase library
- Showcase library could be supported by in-person "Expo" at future task force meeting

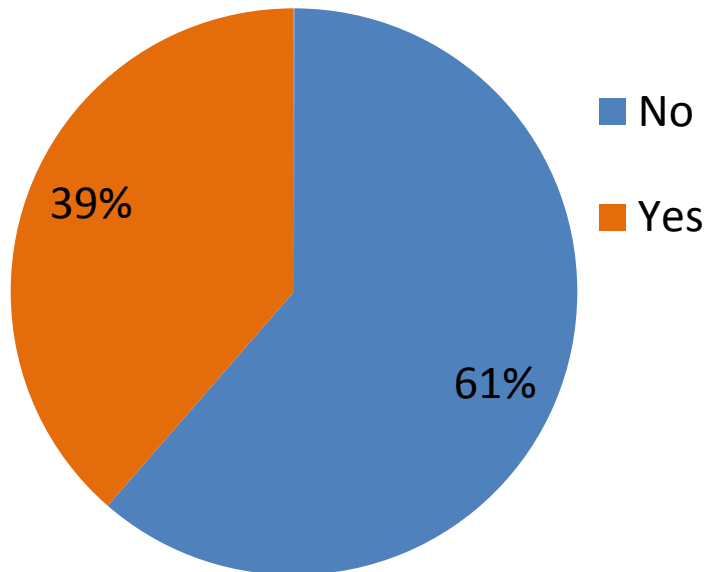


Capability Showcase Flash Poll Results

FPTF September 21-22 In-Person Meeting

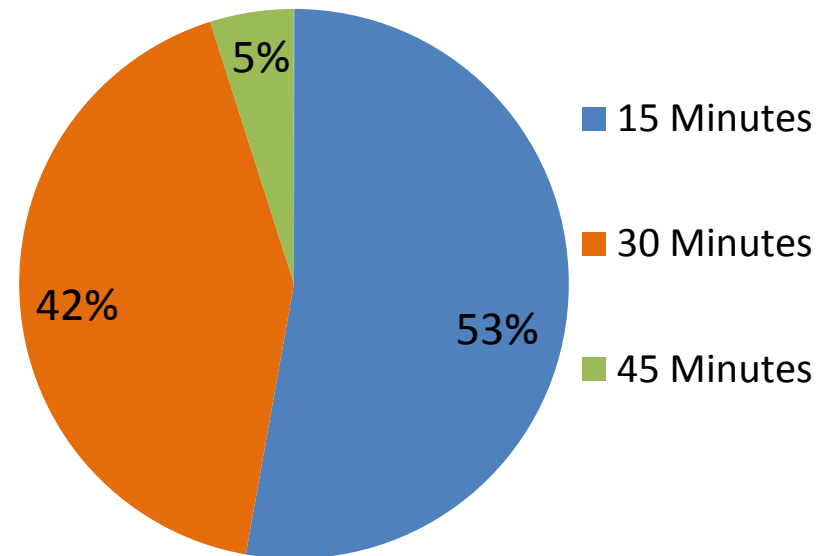
Are you interested in showcasing a capability?

**114 Responses*



How long should each showcase be?

**142 Responses*



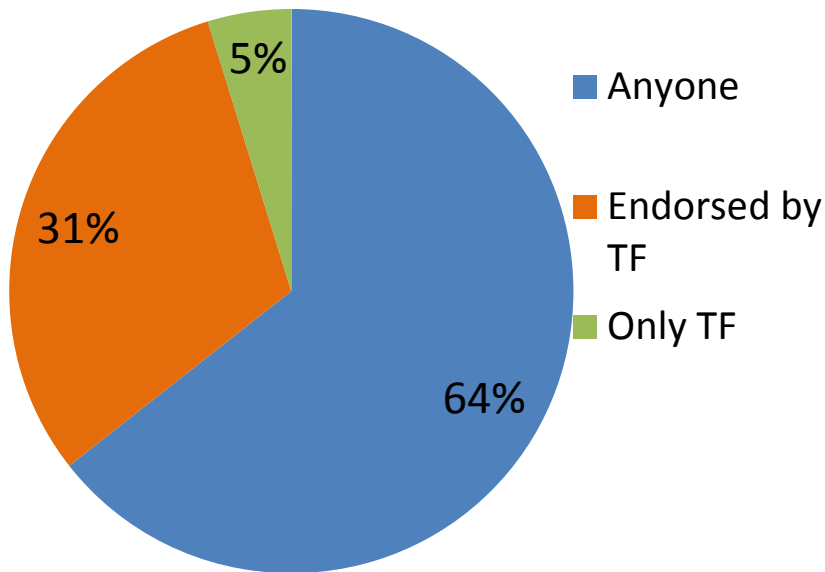
45 Potential Showcases

Capability Showcase Flash Poll Results

FPTF September 21-22 In-Person Meeting

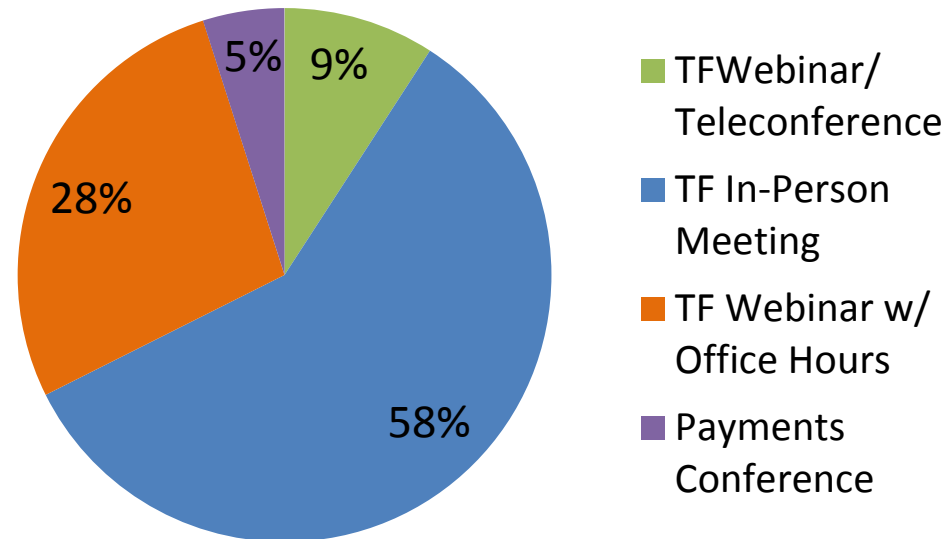
Who should be allowed to showcase capabilities?

*146 Responses



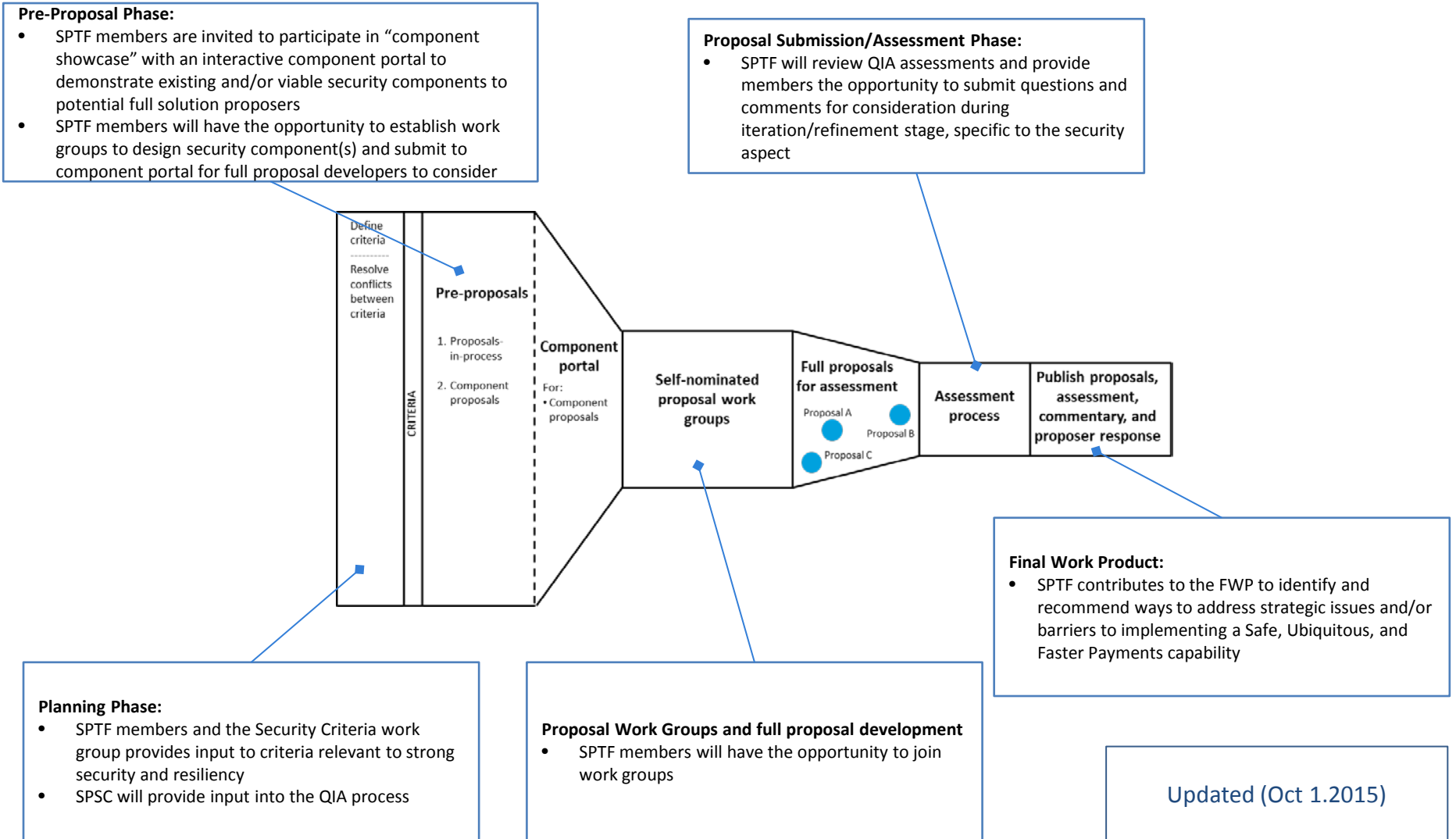
What venue should be used for showcases?

*142 Responses



Faster and Secure Integration

SPTF Intersection with the Rocket



Updated (Oct 1.2015)



Effectiveness Criteria

Ken Isaacson

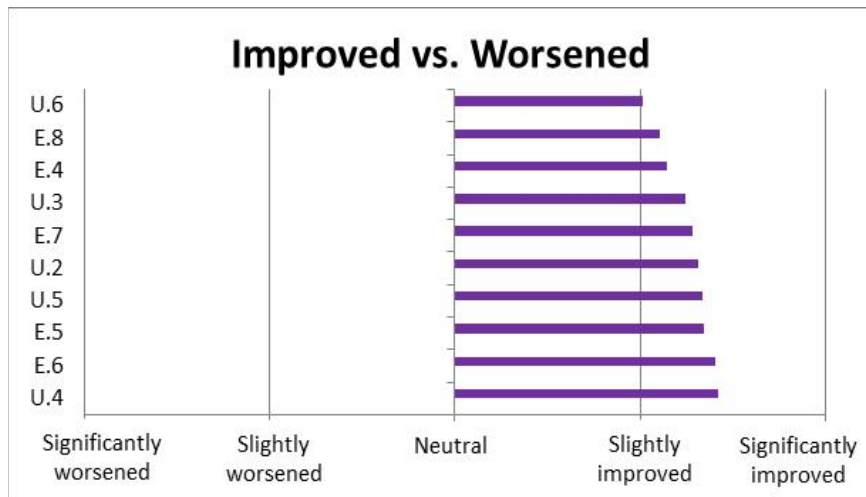
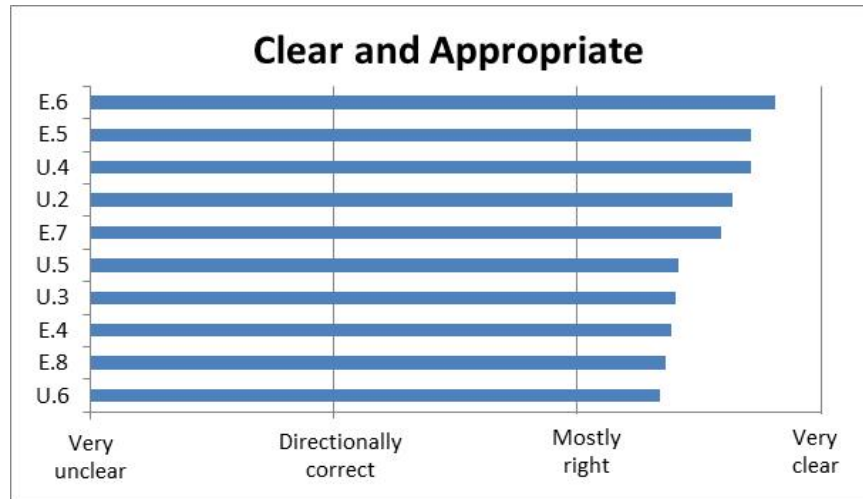
Effectiveness Criteria

Feedback Considered in Draft 4

- Surveys of Faster and Secure Payments Task Forces on Draft 2
- Survey of Faster Payments Task Force members on Draft 3 (green criteria only)
- Faster Payments Steering Committee meeting, Sept 9-10
- Faster Payments Task Force meeting, Sept 21-22
- SPTF meeting, Aug 25-26
- Secure Criteria Work Group output on S.5, S.6, S.7, S.9 and S.10 (some feedback on S.8 and S.11)
- Secure Payments Steering Committee Meeting, Oct 1-2
- Legal Work Group output on criteria L.1 through L.6
- Consumer Financial Protection Bureau principles and consumer group feedback
- Various email feedback provided by FPTF and SPTF members
- Community webinar flash polling results, Sept 18

Effectiveness Criteria

Survey Results on Draft 3 (98 respondents)



Effectiveness Criteria

Approach to Incorporating Feedback

- ❑ Fed criteria drafting team reviewed all feedback in detail and made changes to reflect that feedback
- ❑ Documented response to each set of themes of comments, including many individual comments
- ❑ Incorporated criteria output from the Legal Criteria Work Group and Security Criteria Work Group with minor changes to ensure consistency in approach
- ❑ Followed up with TF members to get further clarity on some comments
- ❑ Captured additional terms that will be defined in the glossary

Effectiveness Criteria

Qualitative Feedback Themes

❑ Selected changes

- Deleted E.3 on cost effectiveness
- S.1 changed to overarching risk management criterion
- S.7 on compliance with the law has been removed and is encompassed in L.1 on payment laws
- F.1-F.4 speed criteria refined to be faster

❑ Questions from revisions

- Consensus on speed criteria (F.1-F.4)?
- Addressing the needs of those with different levels of technological proficiency (U.1)?
- Preventing overdrafts apart from extensions of credit governed by Regulation Z?

Effectiveness Criteria

Next Steps

- Incorporate community feedback on Draft 3
- Incorporate feedback on Draft 4 to get to Draft 5
- Craft process for finalizing Draft 5
- Conduct Vote to approve Draft 5 per the Decision-Making Framework
- Analyze and publish votes
- Address any remaining sticky issues



Final Work Product – Proposal Assessment Architecture and Qualified Independent Assessment

Kylie Stewart and Sean Rodriguez

Final Work Product Approach

Original Approach

The Task Force issues a set of **effectiveness criteria** for faster payments capabilities

The Task Force establishes self-nominated workgroups that develop proposals of solutions

The Task Force creates a **process for full task force evaluation of proposals**

The Task Force publishes the results of these evaluations

Revised Approach

The Task Force issues a set of **effectiveness criteria** for faster payments capabilities

Proposals submitted by a private sector firm or multiple firms in collaboration

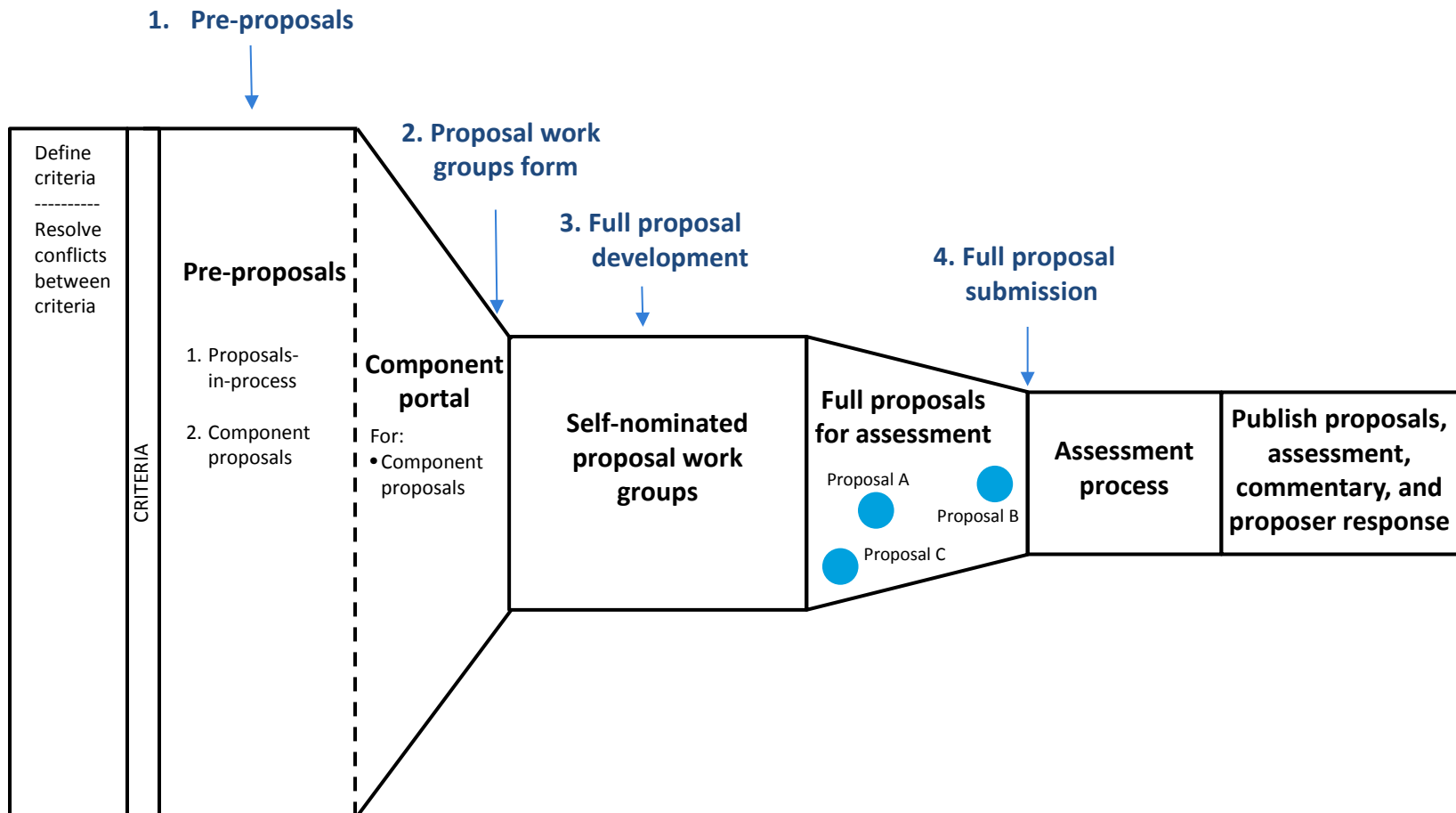
The Task Force creates a process for qualified independent assessment (QIA) of proposals with Task Force review/comment

The Task Force **publishes the fully assessed proposals** with QIA results, summarized Task Force comments and proposer response

The Task Force **publishes a report of remaining strategic issues or gaps** yet to be addressed for successful implementation and adoption of faster payments

Proposal Assessment Architecture

Overview from September 21-22 Task Force Meeting



Proposal Assessment Architecture

Summary of Task Force Feedback: Overall gaps in the Architecture

Overall support mechanisms

- What is the Federal Reserve's involvement?
- Need a clear timeline with duration and resource needs
- Need more clarity on final outcome
- Should the broad design of Faster Payment precede component proposals – component solutions would support the design?
- Do we need to have a vetting process for vendors?
- "Guidrails" (or guidelines) throughout the entire process by a 3rd party (e.g., Fed)

Work group formation

- Need more clarity of how to form work groups
- Can component proposals be part of multiple work groups?
- Consider soliciting input from regulators on regulatory considerations/challenges prior to QIA

Component proposals and matching

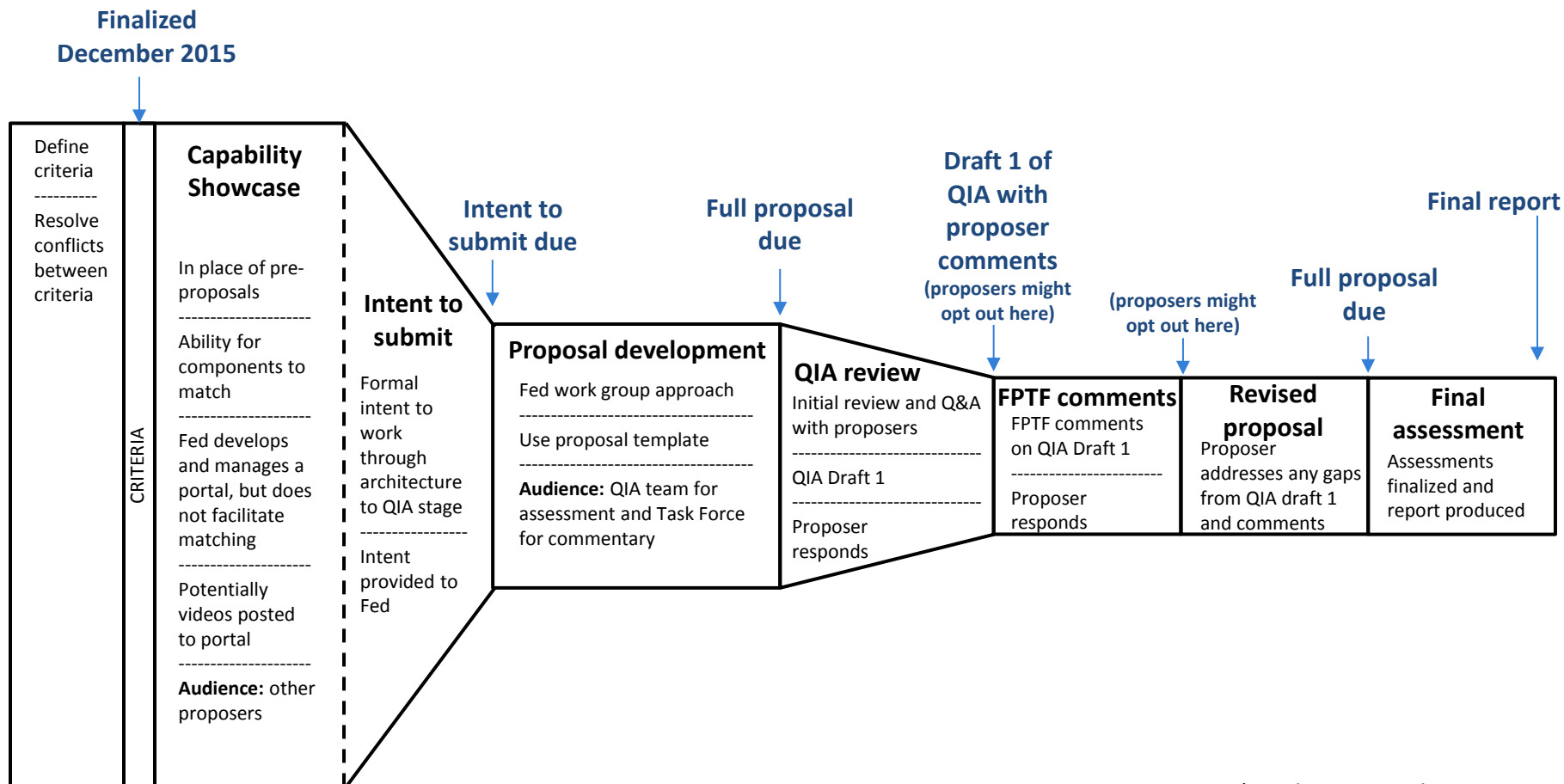
- Need to address design and conceptual proposals
- Make a library/catalogue of component services
- Allow matching to happen offline; do not force matching
- Must meet minimum viable criteria to be allowed to propose
- How do we motivate proposals to come forward?
- QIA team could encourage matching
- Make pre-proposal process optional

Proposals and assessment

- Need screening between component and full proposals
- QIA is an overlay – Task Force has final evaluation role
- Determine communication loops for iterative process
- Is there a "so what" for the Task Force after publishing?

Proposal Assessment Architecture

Refinement and high-level milestones*



* Preliminary milestones

Proposal Assessment Architecture

Next Steps

- Refine architecture – discussion at future meetings
- Develop portal
- Develop proposal template
- Refine QIA assessment process including the role of Minimum Viable Criteria

Qualified Independent Assessment (QIA)

Task Force will create a process for qualified, independent assessment of proposals with Task Force review and comment

QIA Definition of Terms

Qualified

- Professionals who are collectively experienced and well-versed in all aspects of the effectiveness criteria, assessment methodology and successful assessment practices

Independent

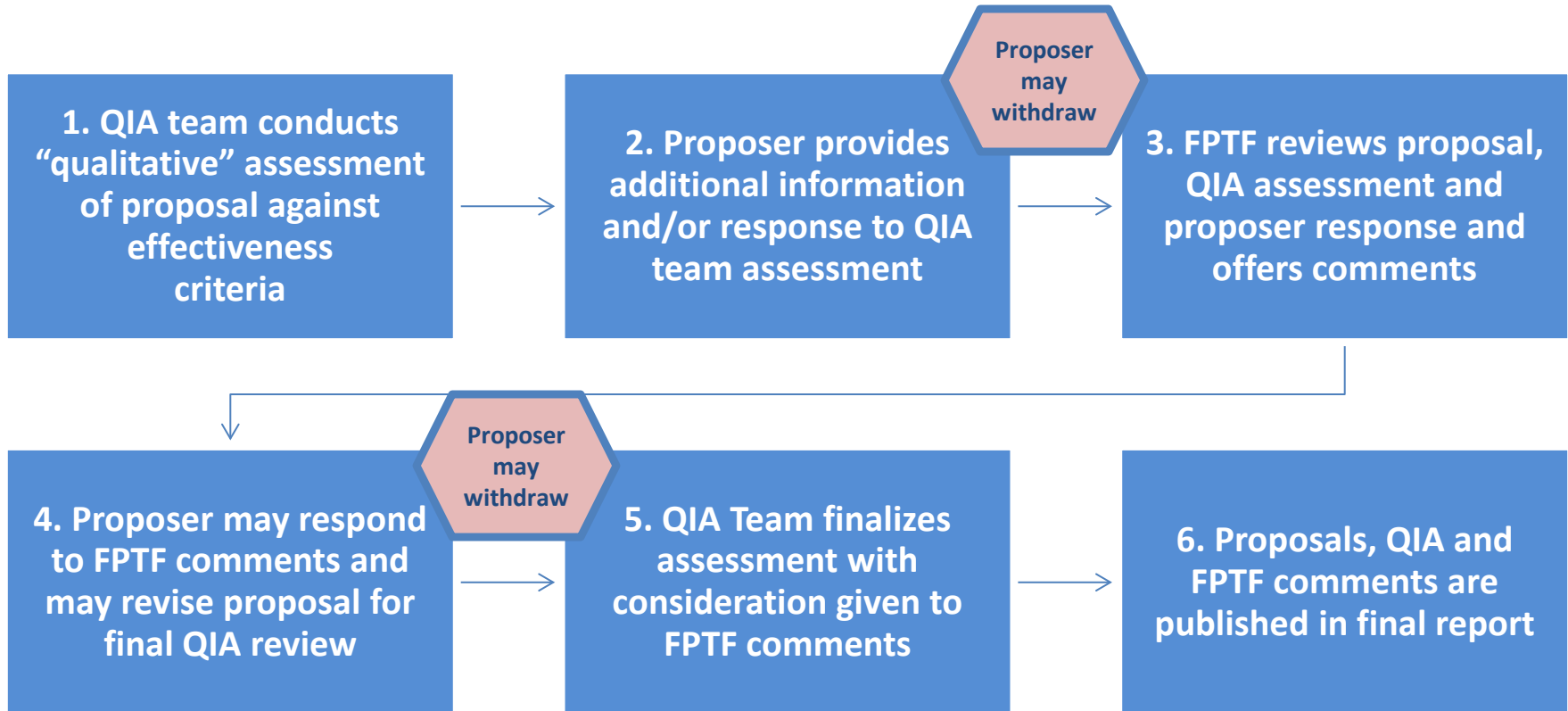
- Processes that minimize potential for actual or perceived conflicts of interest in the outcomes of the assessment process.

Strategies Paper Context

Work collaboratively with the task force and with the input of other payment system stakeholders, assess alternative approaches for faster payments capabilities, including, for each approach,

- *a description of the core infrastructure, security and operational changes needed for participants to interface with the infrastructure,*
- *and the estimated cost and time to implement*

Qualified Independent Assessment Proposed Process



QIA Team Alternatives

Alternative B Recommended

A. Select from Faster Payments Task Force (FPTF) and led/supported by Federal Reserve

- ▲ Greater FPTF involvement and lower cost (assume unpaid)
- ▼ May not meet 'qualified' requirement, potential 'independence' concerns, complex selection/vetting process and potential for substantial scrutiny, process management concerns, Fed decision making role

B. Hire professional services firm to lead/conduct QIA process

- ▲ Ability to meet 'qualified' requirement, more likely viewed as 'independent' vs. Alternative A and efficient process management
- ▼ Higher costs than Alternative A, potential 'independence' concerns and RFP and contracting process may be lengthy

C. Seek firms or individuals to volunteer their time and led/supported by the Federal Reserve

- ▲ Ability to meet 'qualified' requirement, likely viewed as 'independent' and lower cost
- ▼ Limited selection pool, lengthy time to recruit and vet, inefficient process management, Fed decision making role

Strategies Paper Context

Work collaboratively with the task force and with the input of other payment system stakeholders, assess alternative approaches for faster payments capabilities, including, for each approach,

- a description of the core infrastructure, security and operational changes needed for participants to interface with the infrastructure, and the estimated cost and time to implement*

Qualified Independent Assessment

Proposed Next Steps

Strategies Paper Context

- Determine Fed leadership, operations and administration responsibilities for QIA (October)
- Socialize and receive buy-in from steering committee and broader task force for QIA direction, definition, purpose, and Fed role (November 4-5)
- Finalize overall project plan (November)
- Continue working on Phase 1 planning deliverables which are required to start the QIA process (December)
 - Minimum Viable Criteria
 - Proposal Templates

The Federal Reserve is engaged to facilitate material advances in the payment system that take into consideration diverse stakeholder perspectives, are available to a broad spectrum of users (rather than a limited subset) and promote safety.

The Federal Reserve will act as leader, convener, catalyst and service provider, as appropriate, and will commit its resources to supporting these initiatives. The Federal Reserve will also actively monitor and communicate progress, seek feedback and adjust strategies in response to developments.

Strategies for Improving the U.S. Payment System paper



Next Meetings and Close

Sean Rodriguez

Next Meetings - Last of 2015

Steering Committee and Task Force

☐ Steering Committee

- November 4-5, In-Person Meeting
- December 9, Teleconference Meeting (1:00 - 3:00 p.m. ET)

☐ Task Force

- November 19, Teleconference Meeting (1:00 - 3:00 p.m. ET)
- December 16, Teleconference Meeting (1:00 - 3:00 p.m. ET)

Thank You



Appendix

Community Engagement, Capability Showcase, Faster and Secure Task Force Integration

Task Force Engagement

Feedback from the September 21-22 Meeting

Timing/Logistics

- Advanced notice of meetings/agendas
- More lead time to preview/read materials and respond to surveys
- Clear timelines for key dates, expectations, deliverables

Communications

- Target, organize and consolidate communications
- Standard communication touch point (i.e. newsletter, consistent date/time of “inform” emails, etc.)
- Communications plan of key events, what to expect when

Collaboration/Tools

- Task Force portal, document repository, message boards
- More virtual updates, make more use of phone calls – record calls as “podcasts”

Message Development

- Provide materials to TF so they may speak to outcomes and solicit input from own community/org
- Executive summary/elevator speech on “why faster payments?” including key accomplishments of TF
- Marketing plan for TF to engage broader community in regards to benefits of solutions proposals
- When possible, provide examples and use cases that tell a story (storytelling tactics)

Relationships/Interactions

- TF member profiles to get to know one another better
- Segment update with “office hours” for respective SC members
- More opportunities to interact with one another

Broader Stakeholder Engagement

Feedback from the September 21-22 Meeting

Technology

- Make website more user-friendly and easy to get to (i.e. link off other Bank websites)
- Produce a standard video that introduces people to initiative
- Separate websites for “participants” and “users”

Education

- Conduct open industry webinars
- Tell the story of why the public should care about faster payments (i.e. money mgmt, fraud, etc.)
- Highlight faster payments initiatives in other countries and in private sectors in the U.S.

Other Events

- Participate in other conferences/events
- Consistent presence at trade shows

General Outreach

- Media strategy – proactively engage traditional media
- Make better use of social media – Twitter hashtag, get Facebook, etc.
- Leverage industry association publications
- Do roadshows, regional town halls

Enable Task Force

- Provide talking points and FAQs to TF
- Provide more clarity on what information TF can share publicly
- Leverage TF business relationships, board memberships, other committees
- Engage TF members as “ambassadors”

Capability Showcase Update

High-Level Process

- Based on task force feedback and timing constraints, capability showcase would take place via videos and online profiles
 - Proposers could submit profiles and videos
 - Possible “Filming Day” to be hosted at a Fed location if needed
- Profiles would exist as part of the showcase library
 - Public and/or private version may be needed
 - Secure access for private versions
 - Consistent structure across all profiles
 - Video showcase and company profile
 - Key contact information
 - Indexed by component capability
- Showcase library could be supported by in-person “Expo” at future task force meeting