

Inaugural Forum Highlights Payments Announcements and Opportunities for Collaboration

In late 2018, a diverse group of 300 industry stakeholders came together at the FedPayments Improvement Community Forum to engage in inclusive dialogue focused on improving the U.S. payment system. Through general sessions and topic-specific workshops, Forum attendees provided their candid feedback about the latest payment modernization efforts.



Our Anthem

Collaborate. Engage. Transform.

Welcoming attendees to the FedPayments Improvement Community Forum, Connie Theien, Senior Vice President and Industry Relations Director for the Federal Reserve System, emphasized the opportunity to collaborate in person and provide feedback on the next phase of payment system improvement initiatives.

“Inspiration and great ideas develop when people come together, face-to-face,” she said.

To underscore this point, she played an [Anthem](#) video that featured industry participants talking about their work on payments improvement initiatives and the importance of cross-industry dialogue and collaboration for finding solutions to modernize the nation’s payment system.

An Invitation

Join the Next Phase of the Payments Improvement Journey

In his opening remarks, Dave Saperano, First Vice President and Chief Operating Officer of the Federal Reserve Bank of St. Louis and Payments Strategy Director for the Federal Reserve System, highlighted the progress that’s been made in the short year since publication of [Strategies for Improving the U.S. Payments System: Next Steps in the Payments Improvement Journey](#).

He invited attendees to take advantage of the Forum to learn about and provide candid feedback on current and potential opportunities to continue working toward each of the desired outcomes – faster, more secure and efficient payments, improving international payments and collaboration.

“Faster payments is still in its infancy,” Saperano told attendees. “To carry on the progress we’ve made will require all of us in this room to continue our collaboration and inclusive thinking.”



Supporting Faster Payments For All

Today, the ability of the market to develop faster payment services that are safe, efficient, and broadly accessible to the public may be constrained by the existing payment system infrastructure.

In her [speech](#), Federal Reserve Governor Lael Brainard announced the Federal Reserve Board's release of a [Federal Register Notice](#) (FRN) seeking public comment on two potential actions the Federal Reserve could take to support the development of faster payments in the United States: (1) the creation of a real-time gross settlement service for 24x7x365 interbank settlement of faster payments and (2) the creation of a liquidity management tool to support services for real-time settlement of faster payments.

"The future of payments will be determined by the actions we take today," Gov. Brainard told at-



tendees. "We can wait and watch how these issues evolve on their own. Alternatively, we can work with other stakeholders to embrace innovation and design a faster payments infrastructure for the future to promote broad access and resilience."

Seeking Comment On Faster Payments Settlement Assessment

Susan Foley, Senior Associate Director, Board of Governors of the Federal Reserve System, further explained the two proposed actions outlined in the [Federal](#)

[Register Notice](#), and described the process for providing formal comments.

Foley took questions from the audience about operational, security and process matters that revealed widespread interest in the topic.

Information about the FRN, including Governor Brainard's speech, a webinar recording and more can be found at [FedPaymentsImprovement.org](#).

Stakeholders React

To Actions Proposed in the Federal Register Notice

The Forum offered opportunities for attendees to dialogue on questions posed in the [Federal Register Notice](#) through facilitated discussions organized by industry segment. A general session followed the breakouts and a panel of spokespersons shared highlights from the segment discussions.

Make Your Voice Heard How to Comment on the *Federal Register Notice*

Stakeholders are encouraged to submit their comments for the Board's review and consideration by December 14, 2018. All public comments will be [posted](#) (Off-site) to the Board's website as submitted.

Interested parties may choose from among four alternatives for submitting their comments:

- **Federal Reserve [website](#):** (Off-site). Follow the [online instructions](#) (Off-site) for submitting comments.
- **Email:** regs.comments@federalreserve.gov; include docket number OP-1625 in the subject line of the message.
- **Fax:** (202) 452-3819 or (202) 452-3102.
- **Mail:** Ann Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551.



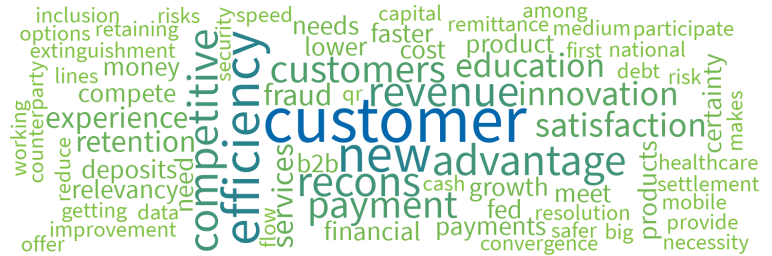
Sean Rodriguez, Executive Vice President and Faster Payments Strategy Leader for the Federal Reserve System, took the stage with a sense of urgency about moving forward to achieve the shared vision of a faster U.S.

“Today, I’m going to talk about speed,” he announced. “The world doesn’t want its money today. People want their money now, as in this very second.”



Audience polling produced encouraging numbers on faster pay-

What opportunities does faster payments provide your organization?



ing a competitive advantage topped the list of opportunities presented by faster payments. Predictably, cost was the most often cited barrier or challenge to faster payments adoption.

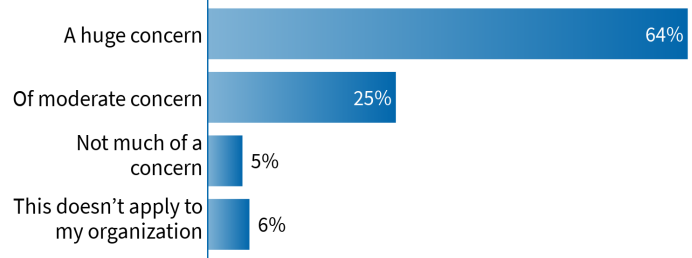


Ken Montgomery, First Vice President and Chief Operating Officer of the Federal Reserve Bank of Boston and Payments Security Strategy Leader for the Federal Reserve System, discussed insights on payments fraud trends, gaps and

vulnerabilities uncovered through research, input from the Secure Payments Task Force and ongoing payments industry discussions.



How big of a concern is remote payments fraud at your organization?



“The persistence and increasing scale and sophistication of the payments fraud threats we face create an imperative for ongoing collaboration,” he told attendees.

He announced the Federal Reserve's four priorities for near-term action to advance payment security: 1) ACH and wire fraud definitions; 2) synthetic identity payments fraud mitigation; 3) remote payments fraud mitigation;

and 4) facilitating strategic dialogue on evolving payments security and fraud issues. These topics were explored in greater depth in three Forum workshops:

Fraud Measurement Improvement: An ACH and Wire Discussion

Remote Payments Fraud: Authentication Challenges

Synthetic Identity Payments Fraud: Nobody Knows You're a Dog.

A VIP Preview of the U.S. Faster Payments Council

Lou Anne Alexander, Group President Payments, Early Warning Services, and Reed Luhtanen, Senior Director Payments Strategy, Walmart, presented attendees with a preview of the [U.S. Faster Payments Council \(FPC\)](#), an initiative

led by the Governance Framework Formation Team ([GFFT](#)). The presentation included the vision, mission, history, guiding principles, membership and structure of the FPC, as well as the key areas it will focus on to facilitate faster payments ubiquity.

The audience Q&A that followed yielded questions related to the FPC's value to members and the dues structure.

The general session was followed by table discussions that explored how the FPC can broadly educate and raise awareness about faster payments.

The FPC launched in November 2018 with the goal of accelerating the adoption of faster payments in the United States. Payments industry stakeholders are encouraged to learn more by visiting [FasterPaymentsCouncil.org](#).

Developments in Cross-Border Payments and Opportunities for Industry Collaboration

As demand for cross-border payments increases, the Federal Reserve continues to engage with stakeholders to understand the landscape, perceived gaps and need for enhanced services or industry collaboration to improve these payments.

Shonda Clay, Executive Vice President and Product Manager, Customer Relations and Support Office, Federal Reserve Bank of

Chicago, moderated an industry panel of cross-border payments experts to explore industry trends, pain points and opportunities for improvement.

John Morris, Retail Payments Product Specialist, Federal Reserve Bank of Atlanta, noted that improvements to cross-border systems need to be considered in light of both business and individual consumer needs.

Andrew Boyajian, Head of Banking, North America, TransferWise, noted that one-quarter of Americans have used a smartphone or tablet to make cross-border payments with service providers that include MoneyGram and TransferWise.

This aligns with the panelists' view

that technology has an increasingly important role in helping make cross-border payments faster and more reliable, as volume of these transactions continues to increase.

Dave Scola, Head of North America, SWIFT, reported double-digit increases in traffic year-over-year on the SWIFT network. He sees an increasing focus on transparency, speed and security.

Responding to a series of discussion questions, attendees noted that cross-border payments have become a bigger priority in their organizations.

Navigating APIs and Data Aggregation

As the backbone of consumer fintech, API (application program interface) and data aggregation tools drive the user experience, said Andre Reynolds, Vice Presi-

dent, Federal Reserve Bank of Chicago, who moderated an industry panel discussion about APIs and data aggregation and how they enable payments interoperability and end-to-end efficiency.

Eric Dunn, Chief Executive Officer of Quicken, outlined the history of financial data connectivity from telephone dial-up connectivity, to

financial software applications like Intuit in the 1980s, through the modern API.

Modern payments apps use APIs to aggregate and transfer multiple pieces of customer data between third parties and financial institutions, explained Millicent Calinog,

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Senior Vice President, API Banking Strategy, Wells Fargo. A consumer application developer must develop an API for every financial institution it works with because they all use different standards.

Eric Guerrino, Chief Operating Officer of FS-ISAC, discussed standardization as the key to creating a more secure and efficient API and data aggregation environment for both the end-user and the financial

institution. He noted that countries around the world have already begun exploring or implementing API standards.

How to Stay Engaged

In her closing remarks, Connie Theien encouraged attendees to take action to advance payments improvement and to continue to

engage in the [FedPayments Improvement Community](#). She called on attendees to support and engage in new payments security efforts, comment on the [Federal Register Notice](#) and join the [U.S. Faster Payments Council](#), which

launched in November 2018. She thanked attendees for their demonstrated commitment to Federal Reserve initiatives and to a better payment system.

FedPayments Improvement Community Forum Workshops

During workshops, Forum attendees had the chance to dig deep into a single topic, learn about current initiatives, hear different points of view, and provide candid feedback in facilitated small group discussions. Download and share highlights from keynote speeches and workshops:

[Supporting Faster Payments for All](#)

[Progress on Faster Payments Settlement Assessment](#)

[The Federal Reserve's Payment Security Strategy Next Steps](#)

[Building a Foundation for a Faster Payments Ecosystem: An Update from the Directories and Rules, Standards, Laws and Regulations Work Groups](#)

[ISO® 20022 is Here: Are You Ready?](#)

[Let's Unblock the Chain of Data: Making B2B Payments More Efficient](#)

[Remote Payments Authentication Fraud: Challenges and Opportunities](#)

[Synthetic Identity Payments Fraud: Nobody Knows You're a Dog](#)

[Fraud Measurement Improvement: An ACH and Wire Discussion](#)