Efficiency in Payments Systems

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The road we have traveled…

Strategy Paper
Faster Payments Assessment
Payments Security
Landscape Study
ISO 20022 Business Case Assessment
Research on End-User Demand for Select Payment Attributes
Retail Payments Study
Consultation Paper
New End-to-End Strategic Focus on Speed, Security & Efficiency

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The Strategies Paper Focuses on Improving the Speed, Efficiency, and Safety of the U.S. Payment System from End-to-End

Strategies for Improving the U.S. Payment System

1. Actively engage with stakeholders on initiatives designed to improve the U.S. payment system.

2. Identify effective approach(es) for implementing safe, ubiquitous, faster payments.

3. Reduce fraud risk and advance the safety, security and resiliency of the payment system.

4. Achieve greater end-to-end efficiency for domestic and cross-border payments.

5. Enhance Federal Reserve Bank payment, settlement and risk management services to address identified gaps.

Desired Outcomes

SPEED

SECURITY

EFFICIENCY

INTERNATIONAL

COLLABORATION

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Strategy 2- Faster Payments

Identify effective approach(es) for implementing safe, ubiquitous, faster payments

Establish…

a faster payments task force to identify and evaluate alternative approaches for meeting end-user needs for faster authorization, clearing, availability of funds and settlement.
Task Force Mission and Objectives

Identify and evaluate approach(es) for implementing a safe, ubiquitous, faster payments capability in the United States

- Represent… views on future needs for a safe, ubiquitous faster payments solution
- Address… other issues deemed important to the successful development of effective approaches
- Assess… alternative approach(es) for faster payment capabilities
Task Force Design and Structure

Payments Community
– Stays current by reviewing Task Force materials online
– Provides input on Task Force questions and work products online

Task Force
– Elects Steering Committee to help guide work effort
– Provides input and/or develops Task Force work products
– Endorses recommendations and conclusions from work efforts

Steering Committee
– Advises the Federal Reserve chair on meeting agendas and assists in prioritizing work
– Recommends scope of Task Force work groups and provides input on when full Task Force deliberation is needed

Work Group(s)
– Formed as needed to complete research and analysis, develop proposals or recommendations for Task Force to review and endorse

Secure Payments Task Force
Collaborate to identify solutions that are both fast and secure

Faster Payments Task Force

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Task Force Composition

Total Registrants: 320+

- Technology Solutions Provider, 22%
- Payments Network Operator, 4%
- Large Financial Institutions, 7%
- Medium Financial Institutions, 18%
- Small Financial Institutions, 13%
- Business End-User, 4%
- Consumer Interest Organization, 3%
- Government, 3%
- Other, 16%
- Industry Trade Organization, 10%
High-Level Work Plan and Timeline

**PHASE 1**
- Began June 2015
- Development of process and criteria for identifying and evaluating approaches

**PHASE 2**
- Iterative development and evaluation of solution proposals

**PHASE 3**
- End Dec 2016
- Review and publication of assessment results and recommendations

*Plan the work...*  *Do the work...*  *Document the work...*
Key Deliverables

Decision Making Framework
• Phase 1 – Completed in August

Glossary of Terms
• Phase 1 – Completed in September

Effectiveness Criteria
• Phase 1 – In-Progress

Proposal Assessment Process
• Phase 2 – In-Progress

Final Work Product Deliverables
• Phase 3 – In-Progress

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Effectiveness Criteria

**Ubiquity**
- U.1 Accessibility
- U.2 Usability
- U.3 Predictability
- U.4 Contextual Data
- U.5 Cross-Border
- U.6 Multiple Use Cases

**Speed (Fast)**
- F.1 Fast approval
- F.2 Fast clearing
- F.3 Fast availability of funds to payee
- F.4 Fast settlement among depository institutions and non-bank account providers
- F.5 Prompt visibility of payment status

**Efficiency**
- E.1 Enables Competition
- E.2 Capacity to enable value added services
- E.3 Implementation Timeline
- E.4 Payment Format Standards
- E.5 Comprehensiveness
- E.6 Scalability and Adaptability
- E.7 Exceptions and Investigations Process

**Safety and Security**
- S.1 Risk management
- S.2 Payer authorization
- S.3 Payment finality
- S.4 Settlement approach
- S.5 Handling disputed payments
- S.6 Fraud information sharing
- S.7 Security controls
- S.8 Resiliency
- S.9 End-user data protection
- S.10 End-user/provider authentication
- S.11 Participation requirements

**Governance**
- G.1 Effective governance
- G.2 Inclusive governance

**Legal**
- L.1 Legal framework
- L.2 Payment system rules
- L.3 Consumer Protections
- L.4 Data privacy
- L.5 Intellectual privacy
- L.6 International legal framework
Proposed Qualified Independent Assessment

1. QIA team conducts “qualitative” assessment of proposal against effectiveness criteria

2. Proposer provides additional information and/or response to QIA team assessment

3. FPTF reviews proposal, QIA assessment and proposer response and offers comments

4. Proposer may respond to FPTF comments and may revise proposal for final QIA review

5. QIA Team finalizes assessment with consideration given to FPTF comments

6. Proposals, QIA and FPTF comments are published in final report

Proposer may withdraw
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Receive information on task forces and work groups, invitations to live/virtual events, surveys and other online feedback opportunities.

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