



The Federal Reserve Bank of Boston's

2017 Cybersecurity Conference



Federal Reserve
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Strategies for Improving the U.S. Payment System

An Update on the Faster and Secure Payments Task Forces

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Strategies for Improving U.S. Payment System:

Focus on Improving Speed, Efficiency, and Safety from End-to-End

Five desired outcomes developed with extensive payment stakeholder input



Speed



Security



Efficiency



International



Collaboration

Faster Payments (Speed) Strategy

Desired Outcome:

A ubiquitous, safe, faster electronic solution(s) for making a broad variety of business and personal payments supported by a flexible and cost-effective means for payment clearing and settlement groups to settle their positions rapidly and with finality.

Source: *Strategies for Improving the U.S. Payment System*, January 2015



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Faster Payments Task Force

Mission and Objectives

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

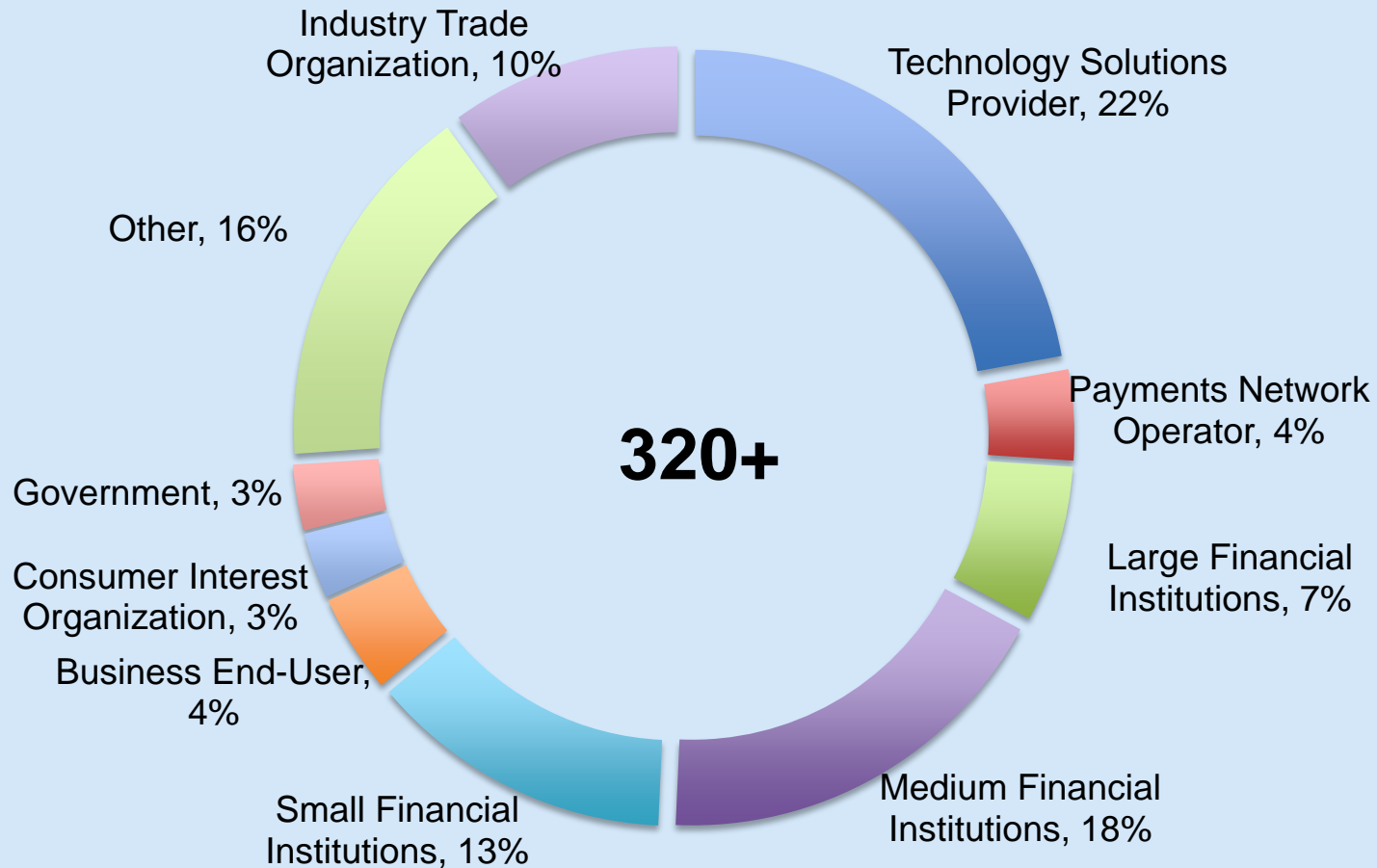
Represent...
views on future
needs for a safe,
ubiquitous faster
payments solution

Assess...
alternative
approach(es) for
faster payment
capabilities

Address...
other issues
deemed important
to the successful
development of
effective
approaches

Faster Payments Task Force

Membership Segmentation



Faster Payments Task Force

High-Level Work Plan

COMPLETED

PHASE 1

Develop process for
assessing solutions

May 2015 – March 2016

Plan the work...

COMPLETED

PHASE 2

Assess end-to-end
solution proposals

April 2016 – January 2017

Do the work...

IN-PROGRESS

PHASE 3

Publish assessment
results and
recommended next steps
Targeted for mid-2017

Document the work...

Faster Payments Effectiveness Criteria

Developed as a description of stakeholder needs that can be used to assess faster payments solutions and as a guide for innovation in the payments industry

Ubiquity

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

Speed (Fast)

- F.1 Fast Approval
- F.2 Fast Clearing
- F.3 Fast Availability of Good Funds to Payee
- F.4 Fast Settlement among Depository Institutions and Regulated Non-bank Account Providers
- F.5 Prompt visibility of payment status

Efficiency

- E.1 Enables Competition
- E.2 Capability 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

Governance

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

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

Legal

- L.1 Legal Framework
- L.2 Payment System Rules
- L.3 Consumer Protections
- L.4 Data privacy
- L.5 Intellectual property

Faster Payments Proposals: *Submission and Assessment Process*



- Any Faster Payments Task Force participant was eligible to submit a proposal for an end-to-end payments solution
- Assessment undertaken by Qualified Independent Assessment Team (QIAT)
- Qualitative assessment against the Effectiveness Criteria
- Task forces provided commentary on the assessments and proposals

Faster Payments Task Force Final Report



Primary Objectives:

- 1) To **present the results of the task force** for implementing a safe, ubiquitous, faster payments capability in the U.S.
- 2) To **propose recommendations and approaches** for advancing the payments system
- 3) To **champion** the industry and stakeholders to take steps toward implementation and adoption of a faster payments capability
- 4) To **suggest ideas** to maintain momentum and continue collaboration for faster payments

Payment Security Strategy

Desired Outcome:

U.S. payment system security that remains very strong, with public confidence that remains high and protections and incident response that keeps pace with the rapidly evolving and expanding threat environment.

Source: *Strategies for Improving the U.S. Payment System*, January 2015



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Secure Payments Task Force

Mission and Objectives

Provide a forum for stakeholders to advise the Fed in its leader/catalyst and operator roles on payment security matters, and identify and promote actions that can be taken by payment system participants collectively and/or by the Federal Reserve System.



Advise
the Fed on
payment security
matters

Coordinate
with the Faster
Payments Task
Force

Determine
areas of focus
and priorities for
action

Secure Payments Task Force

Membership Segmentation



Secure Payments Task Force

Areas of Focus



Payment Identity Management

Identification and adoption of payment identity management practices to mitigate existing and anticipated fraud vectors



Information Sharing for the Mitigation of Payment Risk / Fraud

Payments industry fraud and risk data can be interpreted and acted upon by industry participants



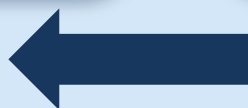
Data Protection

Identification and adoption of frameworks / methodologies for protecting sensitive payment data at rest and in transit



Law and Regulation Coordination

Identify opportunities for more consistent interpretation and application of payment laws and regulations to enhance payments system security



Standards Assessment Team



Secure Payments Task Force – Work Products

Payment Use Cases



Contactless

Serve as an Educational Reference Guide for Payments and Security Practitioners

ACH



Card PIN



Wire

Card Signature



Check



Card-Not-Present

Draft released for
stakeholder comment:

April 2017

Wallet



Payment Flows



Controls



Sensitive Data



Risks



Applicable Standards

Secure Payments Task Force – Work Products

Information Sharing Data Sources

Designed to improve awareness and implementation of inclusive cybersecurity and fraud information sharing



List of known information sharing data sources

Relevant data sources across payment types and payment system participants

Categorized the data sources as freely available, subscription-based or proprietary

Draft released for stakeholder comment:

April 2017

Secure Payments Task Force – Work Products

Payment Security Framework

Contains practical, risk-based guidance and advice on payment identity management and data protection practices



**Draft released for
stakeholder comment:**

Mid - 2017

Secure Payments Task Force – Work Products

Standard Fraud Reporting Requirements

Creates a structure to standardize fraud metrics and reporting by payment type across the industry



**Enhancements
to Existing
Reports**

**Standard Fraud
Reporting
Proposal**

**Draft released for
stakeholder comment:**

Mid - 2017

Secure Payments Task Force

Engagement Opportunities



Register for online opportunities to learn more and engage



Take an industry survey to provide targeted feedback



Registration for the Secure Payments Task Force remains open

- Payment Identity Management Work Group
- Information Sharing for the Mitigation of Payment Risk /Fraud Work Group
- Data Protection Work Group
- Law and Regulation Coordination Work Group
- Standards Assessment Team



Questions and Discussion