

A Slow Path Towards Faster Payments

by [Steve Brown](#)



Snails sure are weird looking critters. We all know that, but you may not know they are related to shellfish, there are about 150,000 species of them, they are not the same thing as a slug (which has no shell), and they speed along in your garden at a whopping 50 yards per hour (so it would take them 35 hours to go 1 mile). We bring this up not only to educate you about snails, but also because the banking industry has been traveling along at a snail's pace toward faster payments.

Along with a group of the largest global banks, government agencies and a host of other companies interested in the payments space, our team has been actively involved as part of the Faster Payments Task Force. Led by the Fed, this is a multi-year plan to deliver an improved payment system. This all began back in January 2015 and the focus was on addressing the speed, efficiency and security of payment systems in the US. The stated goal is to "enhance the US payment system to meet the changing demands of American consumers and businesses."

This task force, along with one called the Secure Payments Task Force, have produced 22 proposals. At this point 19 of those are moving forward for committee review, using an established Faster Payments Effectiveness Criteria. These proposals are being reviewed and assessed together with a documented list of challenges and opportunities (such as security, governance, standards, provider operability and user adoption).

Before the proposals were submitted, there was considerable outreach through industry conferences and events. About 500 presentations were made both domestically and internationally through many different venues. Through these presentations, feedback was solicited and gathered to enhance the stakeholder viewpoint. While reviewing the 19 proposals, the task forces will continue to educate and solicit input through upcoming webinars on such topics as electronic invoicing, B2B payments standards and ISO 20022. If you have been able to participate in these events, we appreciate your contributions. If not, look for opportunities to engage with these groups at such events and webinars in the near future.

Payment security has been an important part of these projects, of course. Guiding principles for data protection along with a directory of fraud data and risk mitigation resources have been compiled for a data protection framework. Payment security authorities were tapped as well to better understand the nuances of the current standards and any areas to address going forward. Assessments will need to be made of current payment related regulations and laws and how to interpret them for the appropriate development of this payment process platform. Most definitely, advancement in this area is fundamental for its success.

By focusing on an end-to-end solution, coordinating with the appropriate groups on the wire services conversion roadmap and including SWIFT's ISO 20022 group, were all critical to ensure that all work done will be collaborative and leverage any current improvement efforts. Key reports have been provided through the FedTransaction Analyzer tool which contains additional Fedwire Funds information to provide a more complete risk management view for wire transfers. Additionally, the

first phase of NACHA's Same Day ACH Rule was completed and continues to be supported through this assessment.

Engaging with small businesses, directly and through the Business Payments Directory Association, has also been done to not only solicit input but also to help businesses through this process. This is important as a layer of knowing the customer. Small businesses need efficiencies to compete effectively and providing them with the Small Business Payments Toolkit through the Fed's website has given them another way to increase their efficiency. E-invoicing standards have also been cataloged and will continue to be an important area of review for the task forces.

We hope we have provided you with valuable information on this project as part of this update. While much work remains, we will continue to keep you updated. In the interim, feel free to provide us with any comments on this matter. The first progress report is available through <https://fedpaymentsimprovement.org/>.

BANK NEWS

Network Outages

Cisco cybersecurity research finds security breaches that lead to network outages can keep networks offline for an extended period of time. By time block, those that lasted 1 to 8 hours (45%), 9 to 16 hours (15%) and 17 to 24 hours (11%). Also of note, 41% of outages affected between 11% to as much as 30% of all systems.

Moving

Accenture Strategy research finds 71% of employees say they are "proactively learning new digital tools and technical skills" as they prepare to meet the demands of significant technology changes occurring in the workplace.

Not Moving

Research by Accenture finds 81% of consumers say they would not switch banks if their primary bank closed a local branch.

Branch Stress

Research by Jones Lang LaSalle finds up to 50% of US bank branch networks may be obsolete by 2020.

Director Makeup

Deloitte research of Fortune 500 boards finds men held about 80% of seats at the end of last year vs. 84% back in 2010. Meanwhile, women held about 20% of seats in 2016 vs. 16% back in 2010.

Challenges

Guidant Financial research of small business owners finds their top challenges are: recruiting and retaining employees, a lack of capital and cash flow and time management.

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