



## A Push Around The Payments Task Force Projects

by [Steve Brown](#)

A Columbia University professor did a study to see if he could get people to shop around for health insurance plans to help them save money and get better coverage. He sent randomized emails that either indicated the amount of savings in insurance premiums people could get and generic ones that just emphasized the possibility of saving money. He found 31% of those who received either message took action vs. only 25% in the control group who received no message. To get customers to consider a new product or service you may have, perhaps using a similar approach might serve as an easy way to drive more business. As you ponder this, we give a little push this morning around progress being made by the Fed Payments Task Force.

Progress has been made on varying levels for each of the five strategies that were determined early on as desired outcomes.

Stakeholder engagement is still ongoing as the Fed continues to ask for feedback via its website. This is one of the most important areas for the project, as the success of this undertaking will largely be determined by the combined expertise throughout the industry.

The faster payment task force has made great headway by identifying and agreeing on the 36 effectiveness criteria to use for assessment, identifying current market capabilities, mapping out an end-to-end system as well as how it would serve the participants in the industry. Now, the group continues to review the submitted proposals and determine how they measure up to the established effectiveness criteria while identifying any anticipated barriers. This robust review will ultimately allow the team to provide recommendations to the industry for implementation of a streamlined payment system.

While the faster payments task force is wrapping up their work, the secure payment task force is still highly involved in their part of the larger project. There has been a lot of ground covered by this team as well.

First and foremost, the lifecycle for eight pertinent payment types was drafted along with the current risks and standards associated with each. They have also developed guidelines, identified current fraud and risk data sharing mechanisms, compiled a list of relevant fraud and risk resources and recommended broader fraud reporting.

This team currently finds on their plate: plans for a solid data protection framework, communication standards for collecting fraud and risk related data for all parties in the payment industry and continued discussions of legal and regulatory challenges that would prevent a successful payment process. If you have important insight, share it through the Fed website.

The payment efficiency strategy is focused on streamlining B-to-B payments. Of note, while checking usage decline has slowed, that seems largely the result of B-to-B payment system limitations. E-invoicing is a critical element to the system, which is being addressed with the help of the business payment coalition. A business payments reference directory has also been established to help create a set of standards for businesses.

Look for enhanced payment systems to come out of these task forces. The Fed expects to enhance its risk management services, provide increased education on payment systems and full implementation of the NACHA same day ACH rule.

It is important to note that the goal of this project is not to design or choose a current system but to optimize the current capabilities to increase the US payment process. This is expected to shorten the implementation time and allow existing market innovation to fill the gaps.

The complete result of both task force efforts will be published in a final report, part one (currently available) and part two (expected mid-2017) which will provide recommendations and support to keep the momentum of the work going, to ultimately produce an end-to-end faster, yet still secure, payment system.

# BANK NEWS

## **Fintech Trouble**

The Conference of State Bank Supervisors (CSBS), which represents state banking regulators, is suing the OCC to stop it from issuing specialty banking licenses to financial technology firms.

## **Bank Regulations**

The Treasury said it plans to make recommendations to the President on ways to ease financial regulations by the end of next month or early June.

## **Student Loans**

Analysis by the Government Accountability Office finds 11% of borrowers have gone at least 1Y without making a payment on student loans made through parents (from the Education Department). This level is well in excess of the default rate on mortgages at the height of the credit crisis. Of note, 40% of federal student loans are with borrowers that have credit scores below 620 (subprime level).

## **Biz Spending**

Guidant Financial research of small business owners finds the following areas identified as those where they would spend additional capital: expanding the business (48%), equipment (35%), staff (35%), marketing and advertising (27%) and technology (14%).

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