

U.S. Faster Payments Council Draft Operating Vision

Survey Feedback Results, August 2018

Governance Framework Formation Team



Introduction

The Governance Framework Formation Team (GFFT) recently concluded a 60-day stakeholder comment period seeking broad industry feedback on the draft Operating Vision of the proposed U.S. Faster Payments Council (FPC).¹ The GFFT released the draft Operating Vision after several months of deliberations on the proposed FPC's vision, principles, structure, authority, funding and areas of focus. With support from the Federal Reserve, the GFFT engaged in an extensive outreach campaign to inform and solicit feedback from diverse audiences, including financial services providers, end users and others, through participation in a comprehensive survey on the FPC's proposed [Operating Vision](#). The GFFT wishes to thank those who provided feedback on the draft Operating Vision, including those who responded via comment letters, webinars, meetings and other forums. This feedback, though not incorporated in this survey report, proved consistent with the survey findings.

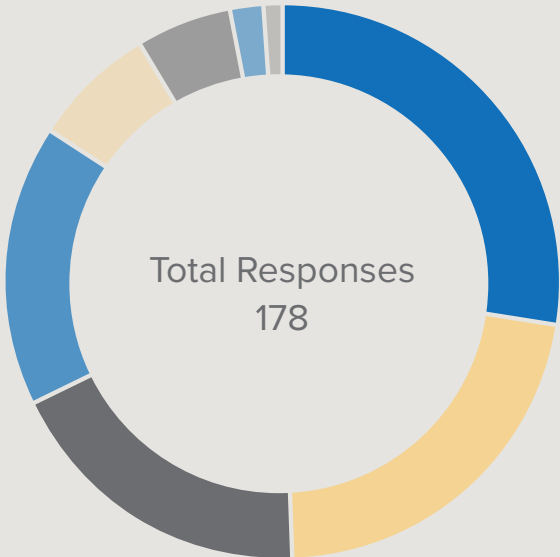
The GFFT values the diversity of viewpoints represented in the detailed comments from both the majority and minority survey responses, as these provide invaluable insights for the efforts to finalize the plan for the FPC and ensure it meets the needs of the broad stakeholder community.

¹The GFFT and its work were commissioned by the Faster Payments Task Force, which recommended establishment of a governance framework as key to advancing the nation's payments ecosystem in its final [report](#), published in July 2017. The 27-member GFFT is a diverse group designed to represent all payment system stakeholders, including financial institutions (FIs) of all sizes; business and government end users; consumer interest organizations; non-bank providers; and other organizations with an interest in the evolution of faster payments.

This report analyzes the 178 responses submitted to the survey from April 24 to June 22, 2018. In addition to rating their level of agreement with the descriptions of each aspect of the proposed design of the FPC articulated in the draft Operating Vision, respondents provided more than 1,000 written comments in support of the ratings they provided for each question.

Survey participation across stakeholder segments varied (see below), with the majority of respondents from financial institutions (small, medium and large based on asset size), “other” organizations (including trade associations, nonprofit organizations, consulting firms and academic institutions) and non-bank providers (including payment network operators, technology solution providers or processors, and other financial technology companies).

Chart 1: Survey Participation by Segment



Response	Frequency	Count
Other	27.5%	49
Medium Financial Institutions	21.9%	39
Non-Bank Providers	18.5%	33
Small Financial Institutions	16.3%	29
Business End Users	7.3%	13
Large Financial Institutions	5.6%	10
Consumer Interest Organizations	1.7%	3
Government End Users	1.1%	2

Results: by the Numbers

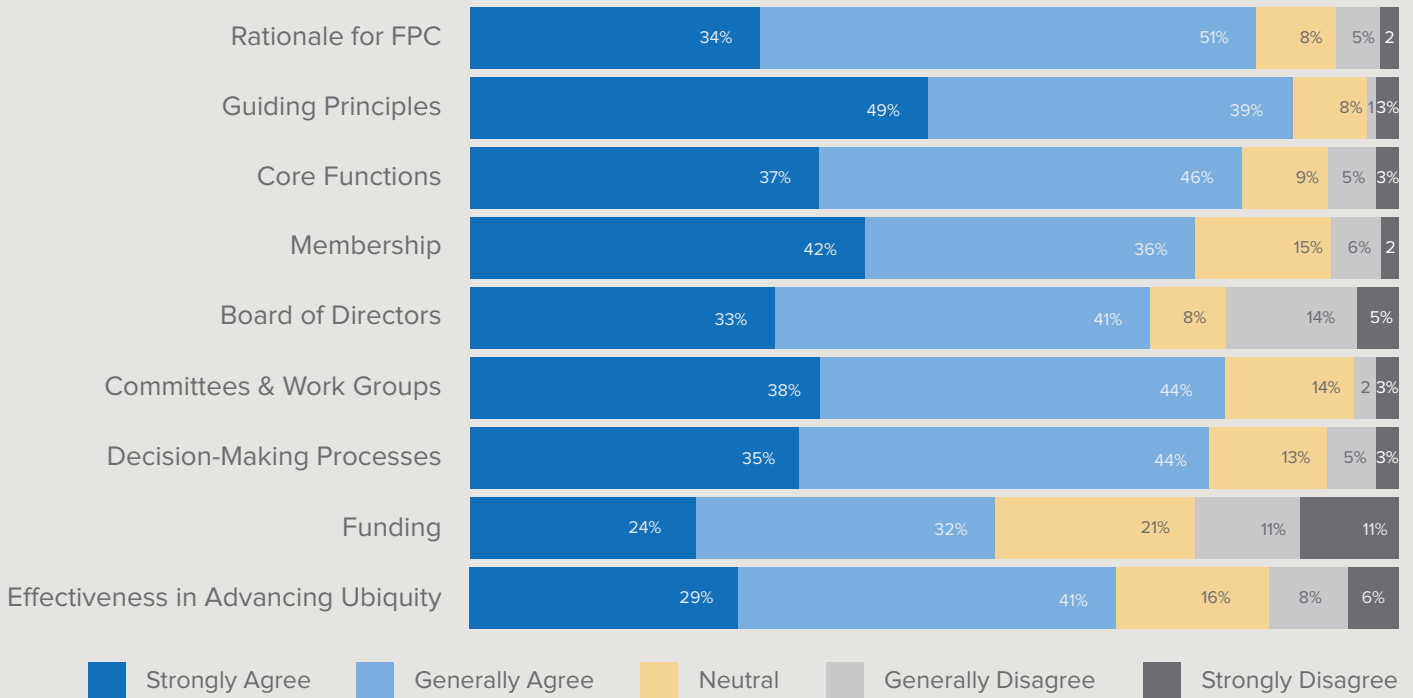
Strong Support Overall

Respondents revealed a robust level of support for the FPC as described in the draft Operating Vision. As seen in Chart 2, there is broad agreement on most aspects of the FPC. However, the strength of agreement varied across topics. For example, of the 88 percent of respondents who indicated agreement with the guiding principles, those who strongly agreed (49 percent) outnumbered those who generally agreed (39 percent). In contrast, of the 85 percent who indicated agreement with the rationale and need for the FPC, the majority were in general agreement (51 percent) versus strong agreement (34 percent).



In addition, as shown in the “Detailed Ratings Results” section, the majority of respondents within each stakeholder group were in at least general agreement with almost all aspects of the FPC, including the need and rationale for the FPC, its guiding principles, core functions, membership, Board of Directors, committees and work groups, and decision-making processes. Again, the strength of their agreement varied, with medium financial institutions, non-bank providers, and business and government end users more strongly supportive of the descriptions of these topics than other segments.

Chart 2: Level of Agreement with Key Messages in the Draft Operating Vision



Areas of Less Agreement

At the same time, certain aspects of the FPC had considerably less support across segments. For example, on funding, a majority of large financial institutions, business end users and consumer interest organizations either were neutral or disagreed, and the overall level of agreement was just slightly higher than a simple majority, at 56 percent. In addition, although majorities in all segments indicated at least some level of agreement with the proposed composition and role of the Board, significant minorities in many stakeholder segments either strongly or generally disagreed. The results with respect to the Board and funding confirm that these are challenging issues, just as the GFFT indicated when it singled them out in its request for stakeholder feedback.

In response to the FPC's likely effectiveness in achieving ubiquity, 70 percent overall indicated some level of agreement, but notable portions of some segments (e.g., business end users, consumer interest organizations, and "Other" segments) were neutral or disagreed.

Results: Written Comments

Guiding Principles

Respondents' comments provided insight into individual ratings, highlighting certain themes and contrasting views. Many commenters praised the inclusive structure and guiding principles of the FPC, noting that inclusivity, diversity, fairness and transparency are necessary for collaboration and the organization's success. A technology solution provider stated,

"Inclusiveness and transparency [are] the bedrock of collaboration.

The 'all stakeholders welcome' approach encourages broad adoption and value-chain member participation."

Another technology solution provider noted how the FPC's principles set it apart: "It is clear that this organization plans to be different from others in the industry. The fact that merchants and consumer groups not only get a voice but a vote as well is a distinguishing factor from other organizations... and should be very positive for moving faster payments forward."

"Inclusiveness and transparency [are] the bedrock of collaboration. The 'all stakeholders welcome' approach encourages broad adoption and value-chain member participation."

– A technology solution provider respondent

At the same time, some noted that a broadly inclusive organization may not be attractive to all, in part, because differences of perspective could take time to resolve and therefore slow progress. A medium financial institution stated, "... I believe the challenge will be in convincing stakeholders to join. How does the FPC propose to address obstacles or barriers where common stakeholders do not agree?" A large financial institution stated, "The principle of inclusiveness is in conflict with the need for speed. When anyone can participate, the organization must address their issues and at the pace with which they can contribute...."

Core Functions

Many survey respondents supported education and advocacy as key functions of the FPC, noting that work groups would provide good forums for collaboration. A small financial institution respondent stated, "The work groups for evolving technology, regulatory, education and advocacy make the FPC extremely beneficial. These are often items that are lacking in smaller institutions that I feel would benefit us greatly."

"While I like the inclusive approach, finding consensus on more hot-button topics may mean the 'lightest touch' can't be employed if the FPC wants to hit that 2020 milestone."

– A consulting firm respondent

Other commenters were concerned, however, that the work group structure could be cumbersome and potentially exclude smaller organizations with limited resources to participate.

In addition, most commenters agreed with the idea that the FPC should employ the "lightest touch" approach to resolve issues; however,

some expressed concerns with that approach and felt that selecting the most effective method for resolving issues should be the first priority. A respondent from a consulting firm wrote, "While I like the inclusive approach, finding consensus on more hot-button topics may mean the 'lightest touch' can't be employed if the FPC wants to hit that 2020 milestone." Whether the FPC would be a rule-making organization was also an area of controversy, with some arguing strongly for this role, and others strongly opposed to any rule-making function for the organization. In particular, 20 percent of large financial institution respondents and 20 percent of "other" respondents disagreed with the way the core functions of the FPC were described. A survey respondent from a large financial institution stated, "We wholeheartedly agree with FPC creating forums of dialogue and education and advocacy. However, we do question relying on FPC for laying down guidelines, policies, standards, rules or certification mechanism[s]. The individual Faster Payment schemes are in the best position to lay down these standards."

Board Structure

With respect to the structure of the Board, respondents had strong and conflicting views on how seats should be allocated. Those who supported the structure indicated that it could help the FPC reach conclusions that are broadly supported. Those who were most vocal in their disagreement raised concerns about the structure of the Board being biased toward the status quo. Business end users and consumer interest organizations tended to favor an equal allocation of seats across segments, while financial institutions tended to favor the proposed allocation, or suggest an even higher allotment for their segment. A technology solution provider stated both pros and cons: “It will help to speed the process of voting and reaching a conclusion. However, it has the risk of being controlled or manipulated by certain special interest groups.” Concerns about ensuring balanced representation also played out in comments on how the work groups should be structured and chaired. A business end user suggested, “The FPC governance should limit each segment to chairing no more than one committee and working group.”

Decision Making

Many commenters support the consensus-driven approach to the decision-making process, but some questioned its effectiveness. A non-bank provider stated, “It is important to ensure the voice of the few is not overpowered by the voice of the many (large organizations). I believe the approach is trying to address that.” Many respondents also requested a more specific definition of “consensus.” As one “other” segment respondent noted, “Consensus is not 100% agreement.” And a medium financial institution stated, “The concept of full consensus and equal treatment sounds good in theory, but may be interesting in actual practice given the diverse group of stakeholders (who may have conflicting priorities and/or requirements).” Some expressed concerns that while it is an admirable aspiration, consensus may not align with the short time frame of the 2020 goal. A payments industry consultant stated, “... consensus rarely drives the ‘best’ outcome and will never be the quickest way to an outcome.”

“Consensus is not 100% agreement.”

– “Other” segment respondent

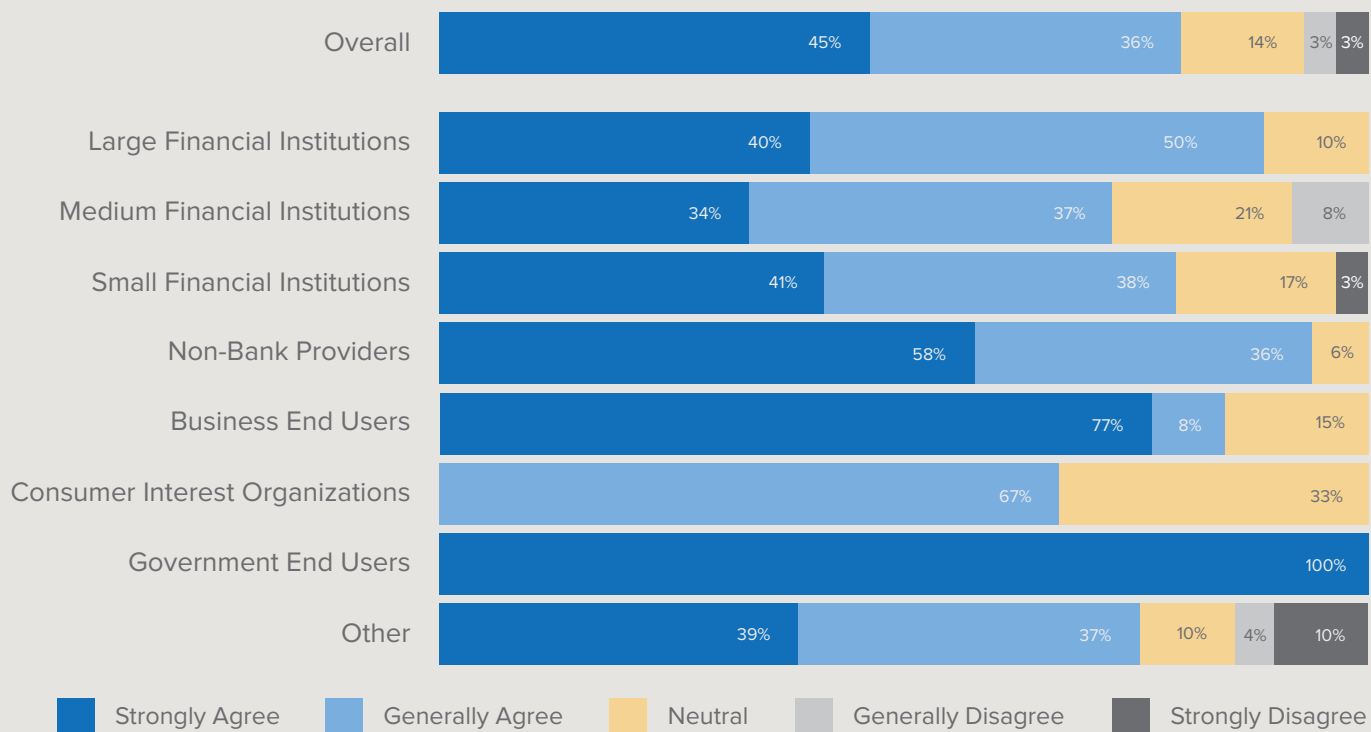
Funding

Comments diverged significantly on funding. Some survey respondents were concerned that influence within the FPC would be based on fee level, possibly influencing Board and committee participation and compromising fairness. Also of concern was basing membership tiers on revenues, rather than assets. According to a business end user, “[My organization] continues to believe that the funding model contained in the draft vision document will fail to maximize the revenue to the FPC and will inhibit the ability of particular segments to participate fully... If the funding structure inhibits the ability of certain organizations to participate, it will be to the detriment of the FPC as a whole....”

Results: Feedback on Establishment Plans and Willingness to Join the FPC

As Chart 3 indicates, 81 percent of respondents overall agreed with the approach and key messages regarding the next steps in establishing the FPC. As one large financial institution summarized, “[The] roadmap makes sense and the hand off to the operational group as quickly as possible would be optimal.” An industry trade organization wrote, “This strikes us as a sensible approach to establishing the FPC. That said, we would urge that you move as quickly as possible through these steps, consistent with the view espoused ... that an ‘aggressive timeline is critical.’”

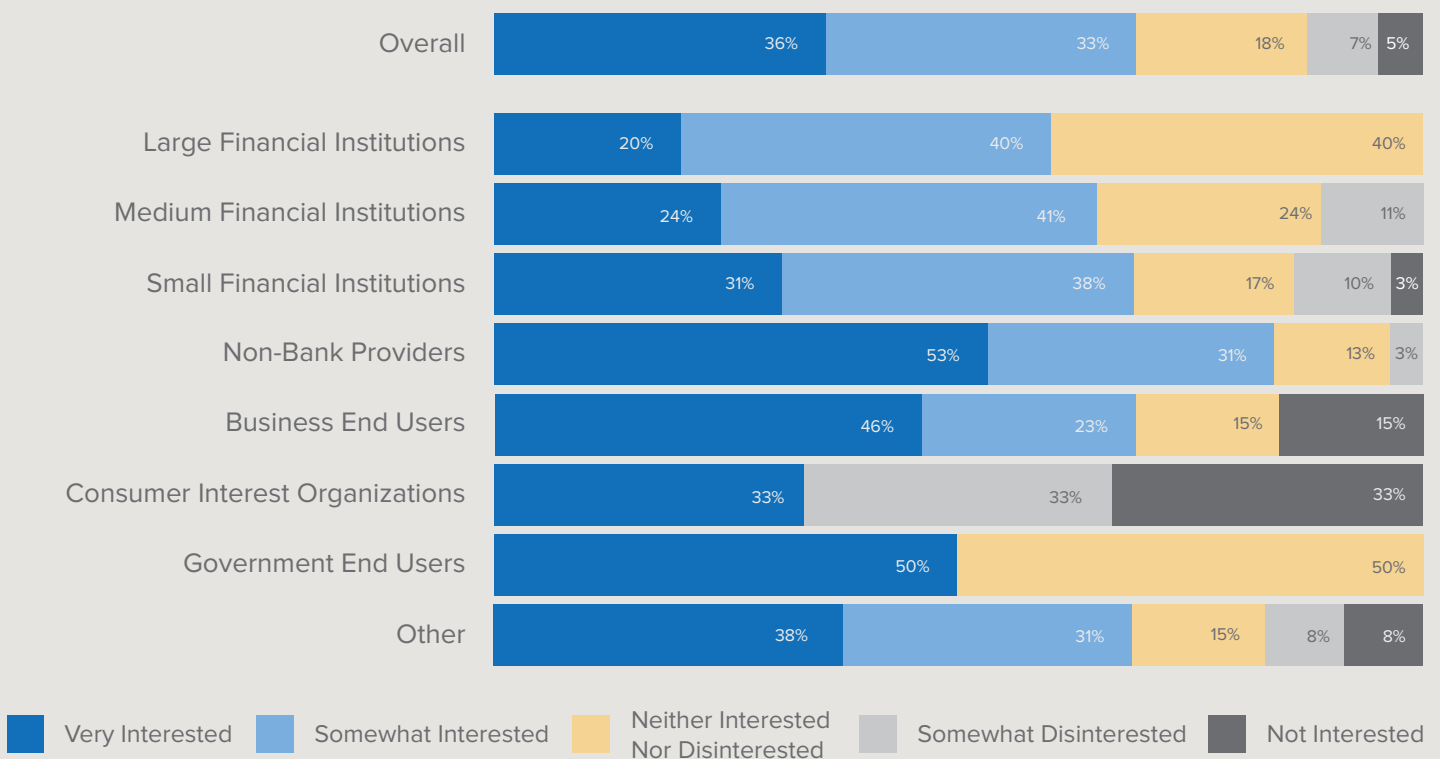
Chart 3: Level of Agreement with Key Messages on Establishment



Among the minority who disagreed with the establishment next steps, some expressed concerns that the focus of the FPC is unclear or divergent from the initial recommendations of the Faster Payments Task Force (FPTF). An industry trade organization stated, “Our members are not convinced of the need for the FPC given there are existing industry resources and market forces already progressing faster payments solutions in the U.S. Further, we feel the proposed FPC is not in alignment with the intent of the consensus-driven outcome of the FPTF, which recommended a key focus on rules and standards to enable interoperability.” Due to the short time frame of the 2020 goal, some respondents suggested that the FPC should be a part of an existing organization or association to speed implementation and to prioritize actions to facilitate faster payments.

Chart 4 shows that nearly 70 percent of respondents were either interested or very interested in joining the FPC. Level of interest varied across segments, however, with 60 percent or more of financial institutions of all sizes, business end users and “other” respondents expressing interest, and more than 80 percent of non-bank providers also expressing interest. Consumer interest organizations and government end users were more neutral or disinclined to join.

Chart 4: Level of Interest in Joining the FPC



Detailed Ratings Results

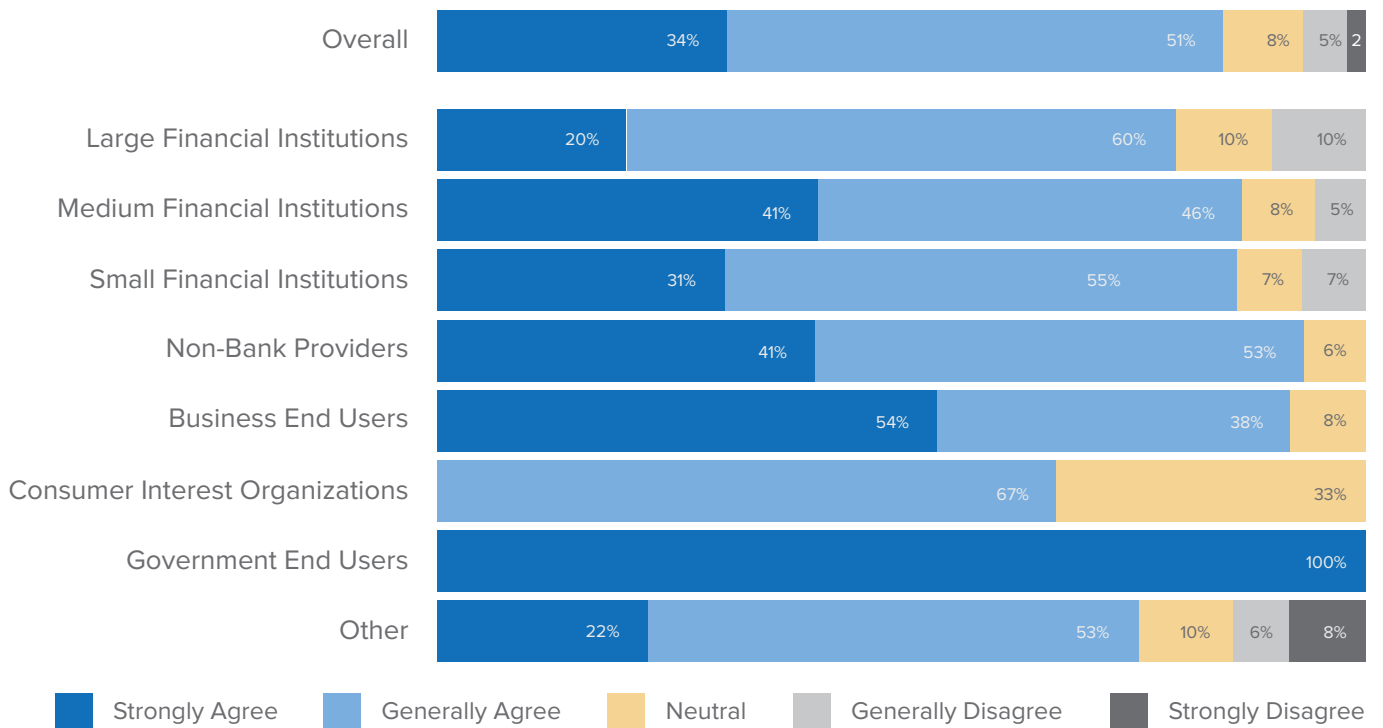
This section provides statistics on the responses to the individual survey questions.²

Survey Section 1

Enabling payments to flow in a way that is seamless for end users can serve as the backbone of a *ubiquitous, world-class payment system* where Americans can safely and securely pay anyone, anywhere, at any time and with immediate funds availability.

– Page 6, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The U.S. Faster Payments Council is needed to catalyze faster payments ubiquity.”



² Note that responses to the individual survey questions may not sum to 178, as some respondents elected not to answer all of the questions.

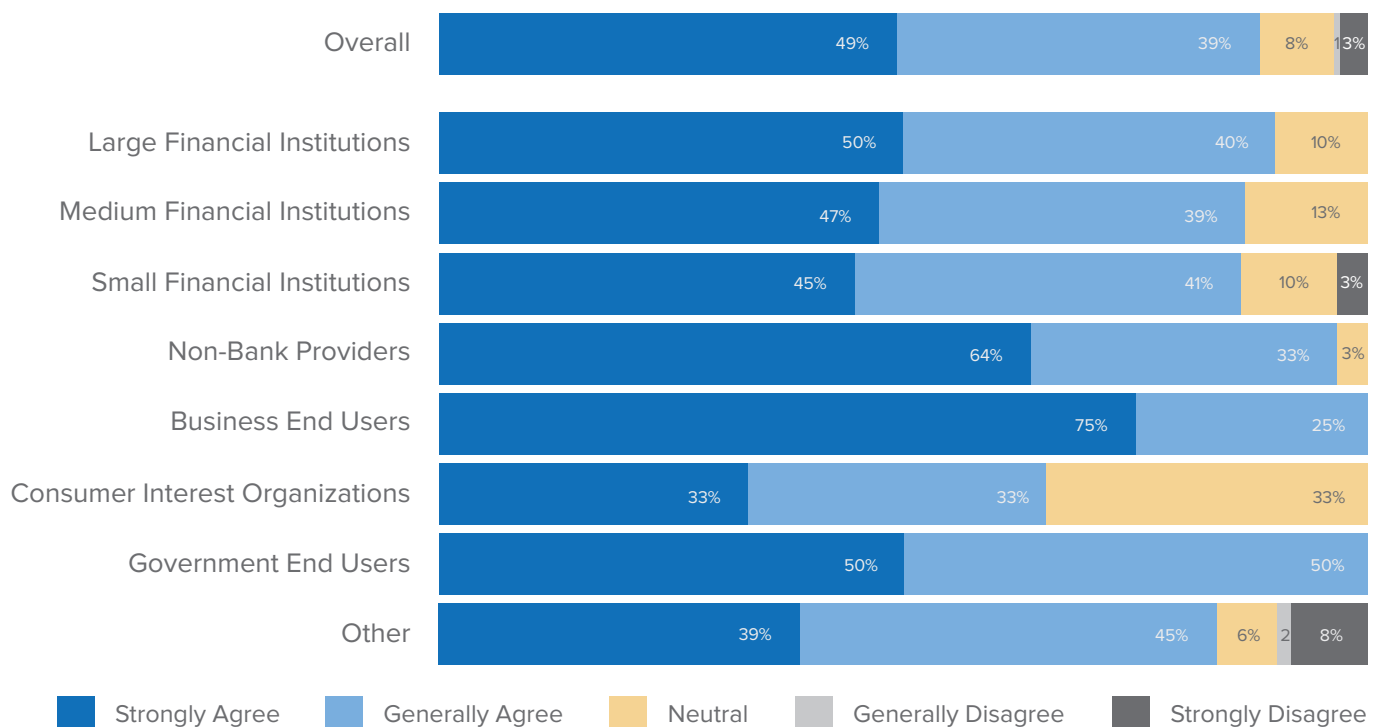
Survey Section 2

The FPC is a principles-based organization. Its structure, operations, and activities are designed to adhere to these fundamental principles:

- **Openness and inclusiveness:** All members have a voice through equitable Board representation and open opportunities to serve on committees and work groups.
- **Flexibility and responsiveness:** The FPC has a flexible structure that can evolve with changing needs, and its processes for establishing policies, guidelines, standards, and/or rules, when deemed necessary, are designed to allow flexibility in implementation.
- **Fairness and transparency:** The FPC respects the competitive prerogatives of its member organizations, and strives for equal treatment and consensus in all decisions that have a significant impact on any individual organizations and stakeholder groups. It also provides safeguards for members to share information and collaborate on issues of common interest.

– Page 9, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “Guiding principles are at the core of how the FPC operates.”

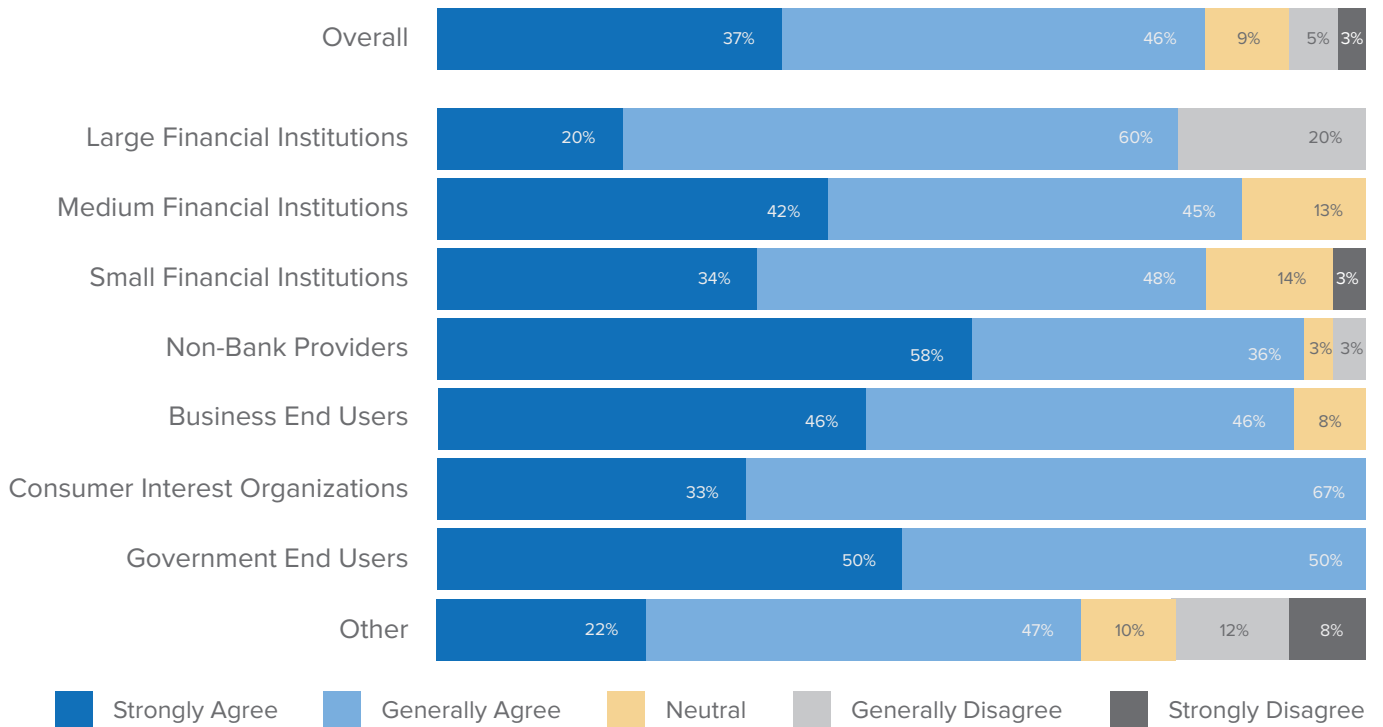


Survey Section 3

The Operating Vision of the FPC listed three core functions that are designed to support the goal of ubiquity in 2020 and help sustain and evolve the faster payments system over time. These core functions include: Core Function 1: Consensus-Driven Problem Solving, Core Function 2: Forums for Dialogue, and Core Function 3: Education and Advocacy.

– Page 10, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The FPC is organized for action and solving problems.”

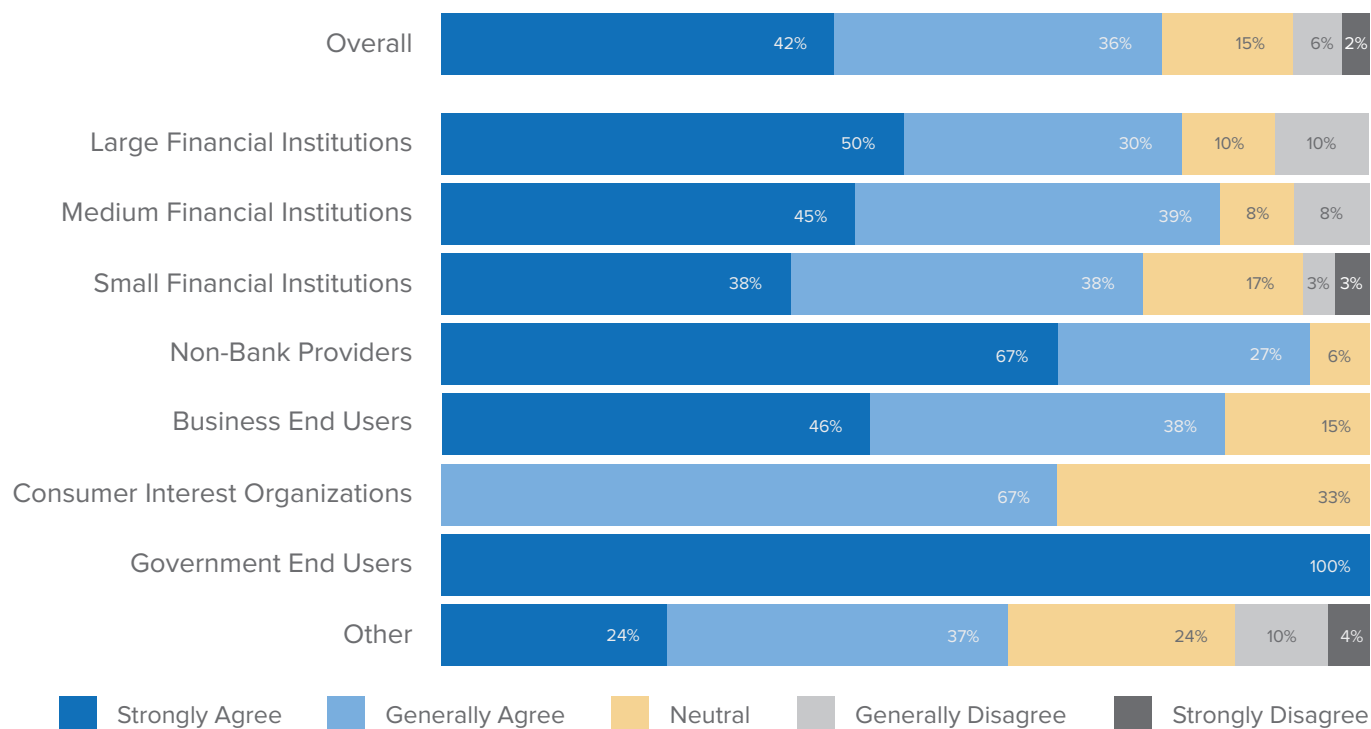


Survey Section 4

FPC membership is open to all stakeholders in the U.S. payment system: providers of payment services, including financial institutions, payment network operators and technology providers; everyone who makes payments, including consumers, businesses and government agencies; and regulators and those with a professional interest in improving the payment system. Members self-select into the segment that best describes their organization’s primary role / interests.”

– Page 11, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The structure and decision-making processes of the FPC are designed to be inclusive: Membership.”

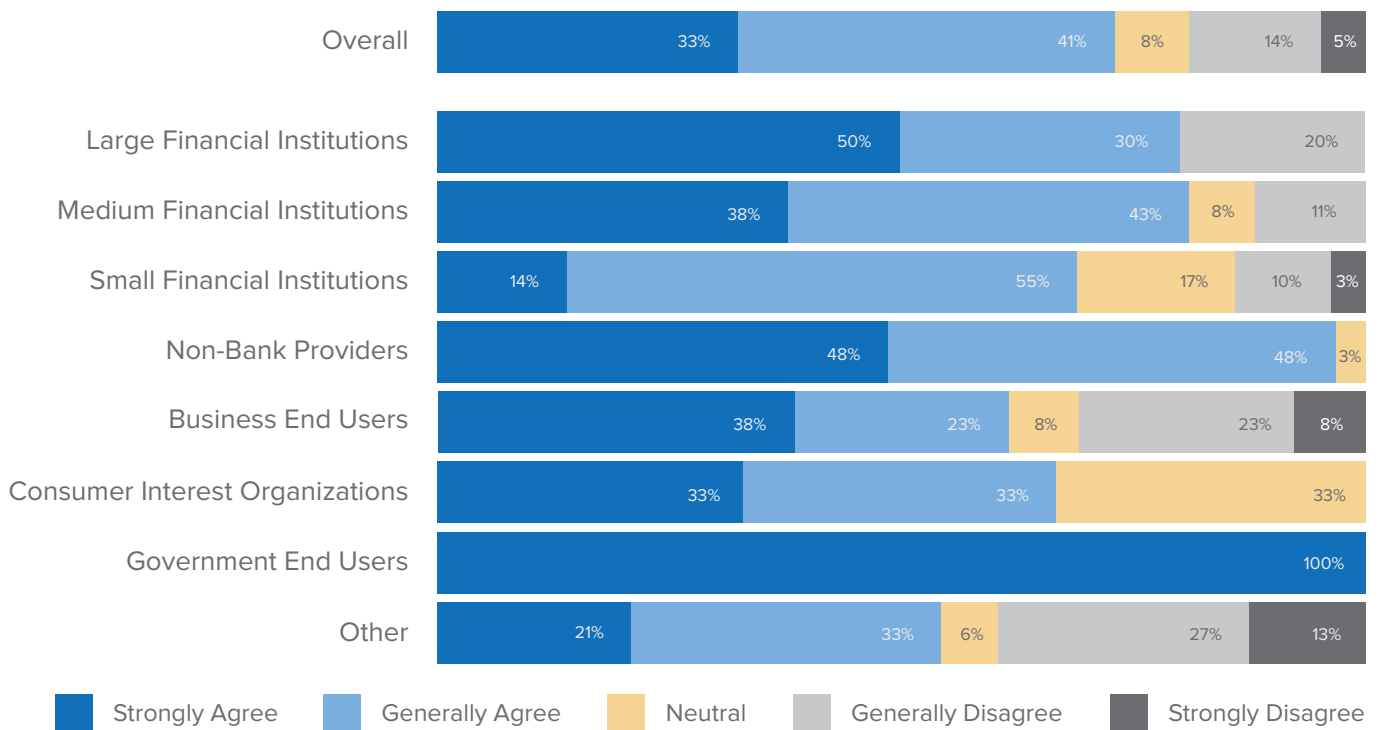


Survey Section 5

The FPC is open to all stakeholders.... The composition and voting structure of the Board is designed to be inclusive and represent the diversity of payments industry stakeholders while balancing infrastructure investments and risk exposure.

– Page 2, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The structure and decision-making processes of the FPC are designed to be inclusive: Board of Directors.”

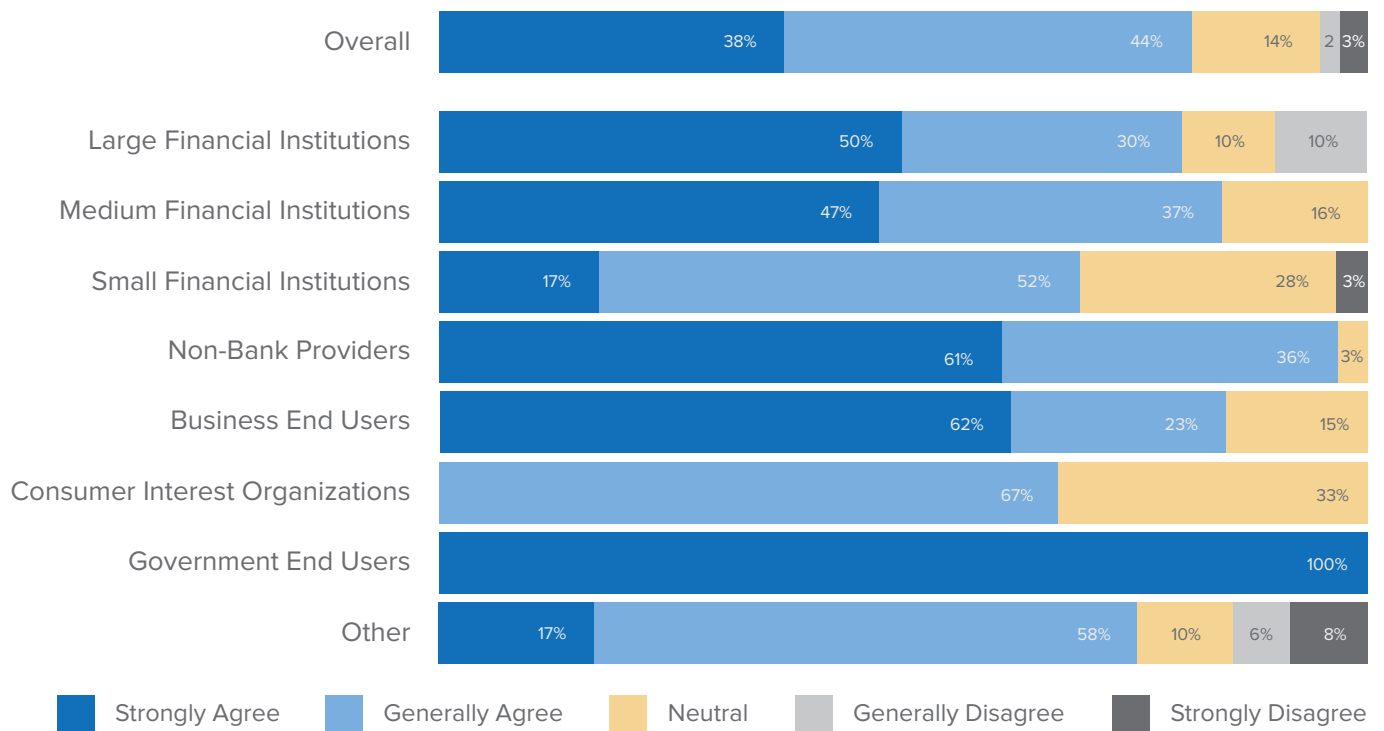


Survey Section 6

The functions of the FPC are carried out primarily by volunteers who serve on FPC committees and work groups. Committees are formal, standing groups established by the Board, reporting to the Board, and chaired by a Board member. They have a long-term strategic or operational focus and may have decision-making authority delegated to them by the Board. Work groups have a well-defined tactical focus and reporting structure, may vary in duration and are periodically evaluated by the Board. Work groups deliberate on issues within their scope and provide input and recommendations to support decision making. Membership in committees and work groups is typically open to all volunteers, subject to the need to ensure balance, inclusivity and effectiveness.

– Page 13, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The structure and decision-making processes of the FPC are designed to be inclusive: Committees and Work Groups.”

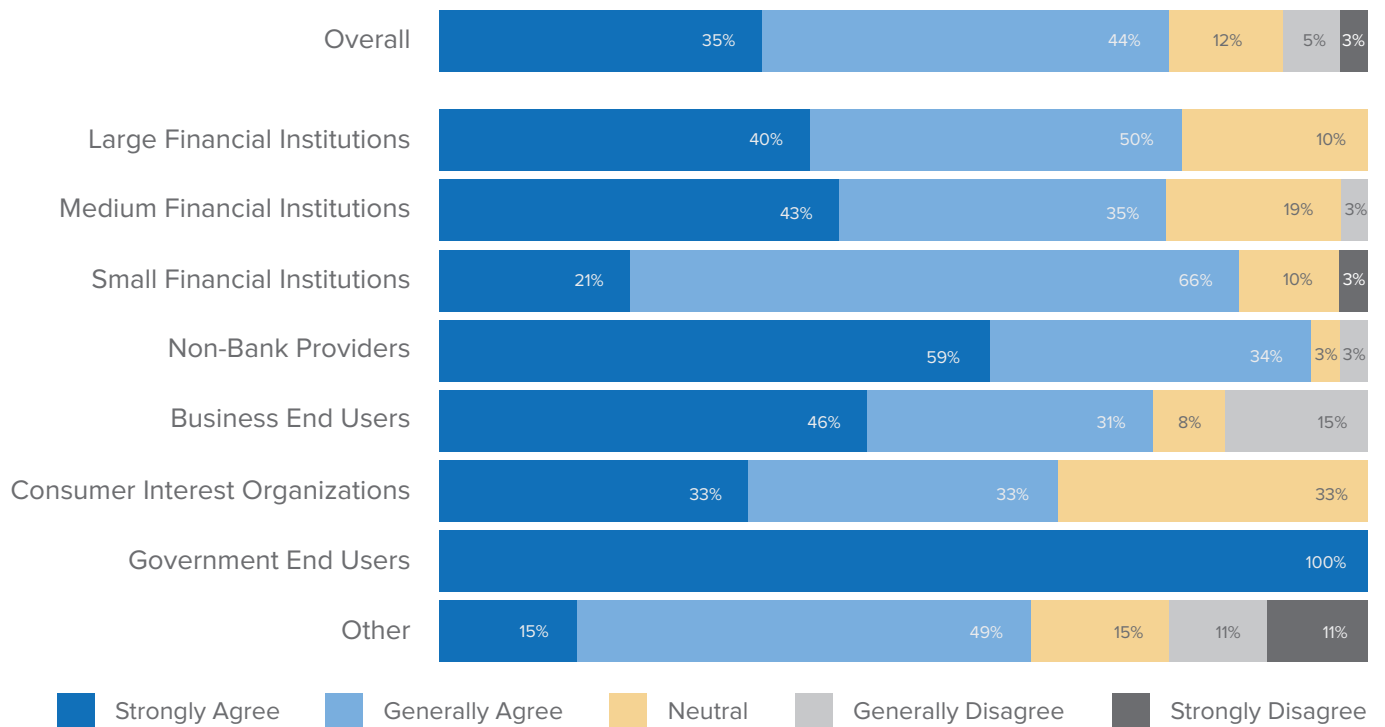


Survey Section 7

The FPC strives to achieve its goals in a collaborative and consensus-based way. As such, work groups, committees and the Board of Directors generally will seek consensus in their deliberations on key issues and recommendations, particularly if resolution of an issue is likely to have a significant impact on individual stakeholders or groups of stakeholders.

– Page 14, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The structure and decision-making processes of the FPC are designed to be inclusive: Decision-Making Processes.”



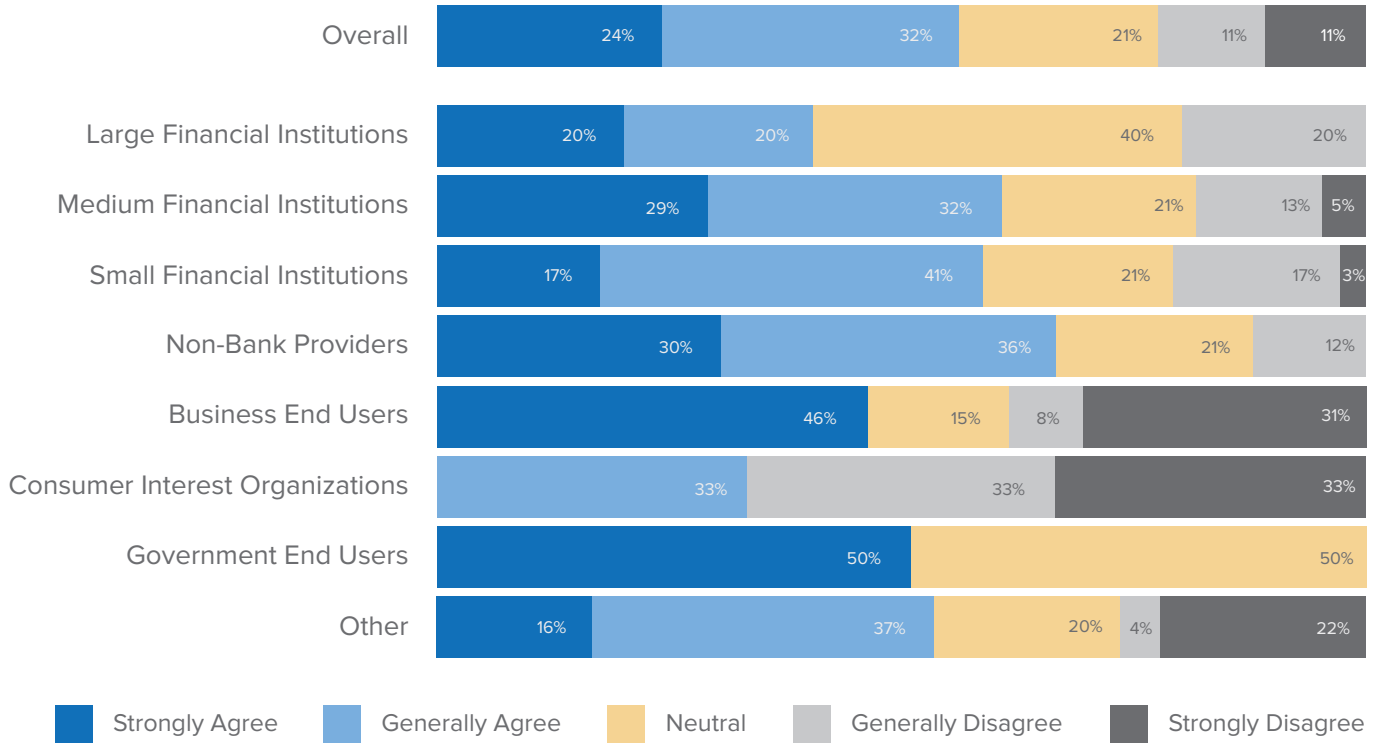
Survey Section 8

FPC funding will come from a variety of sources. In addition to membership dues, other revenue sources may be considered over time, such as “directed contributions” that would be over and above membership dues (for example, to support an awareness campaign or production of end-user education materials).

The FPC will have a tiered membership fee structure that takes into account the size of the participating organization. The GFFT proposes that membership tiers would be based on organizational revenue. Consistent with the guiding principles, though membership fees will vary, there are no differences in member rights and responsibilities.

– Page 15, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “FPC funding supports the organization’s needs in an inclusive and efficient way.”

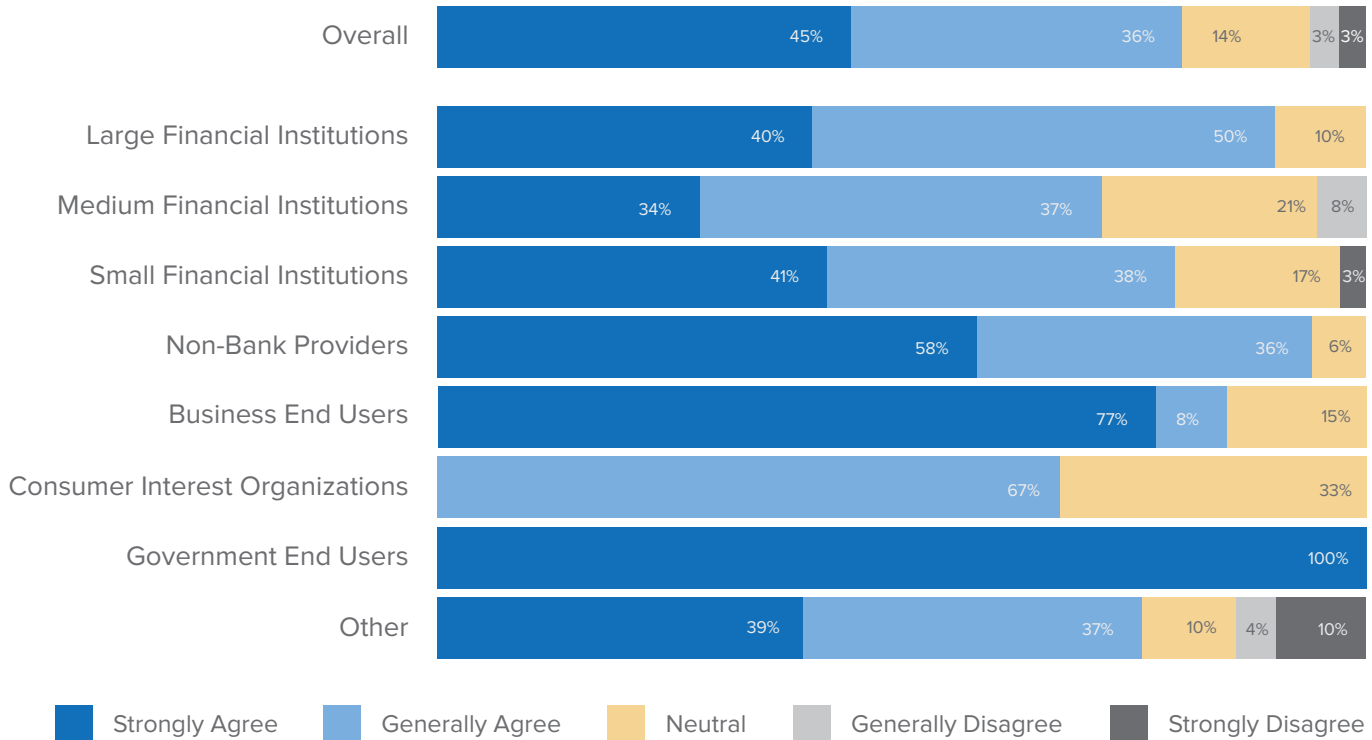


Survey Section 9

In keeping with the second part of its mandate from the FPTF, the GFFT has begun planning for key establishment / startup-related activities, so that once stakeholder comments are considered and addressed, the FPC will have only a short ramp-up to begin initial operations in the latter part of 2018.... Activities that must be planned and executed fall into four areas / phases: complete planning activities; formally create a not-for-profit association; support initial functions; and complete startup. Once these startup tasks have been completed, the FPC can begin to stand up its committees and work groups, and absorb the output from the other interim industry work groups the FPTF recommended establishing, including the Directories Work Group, Rules and Standards Work Group, and Regulatory Work Group.

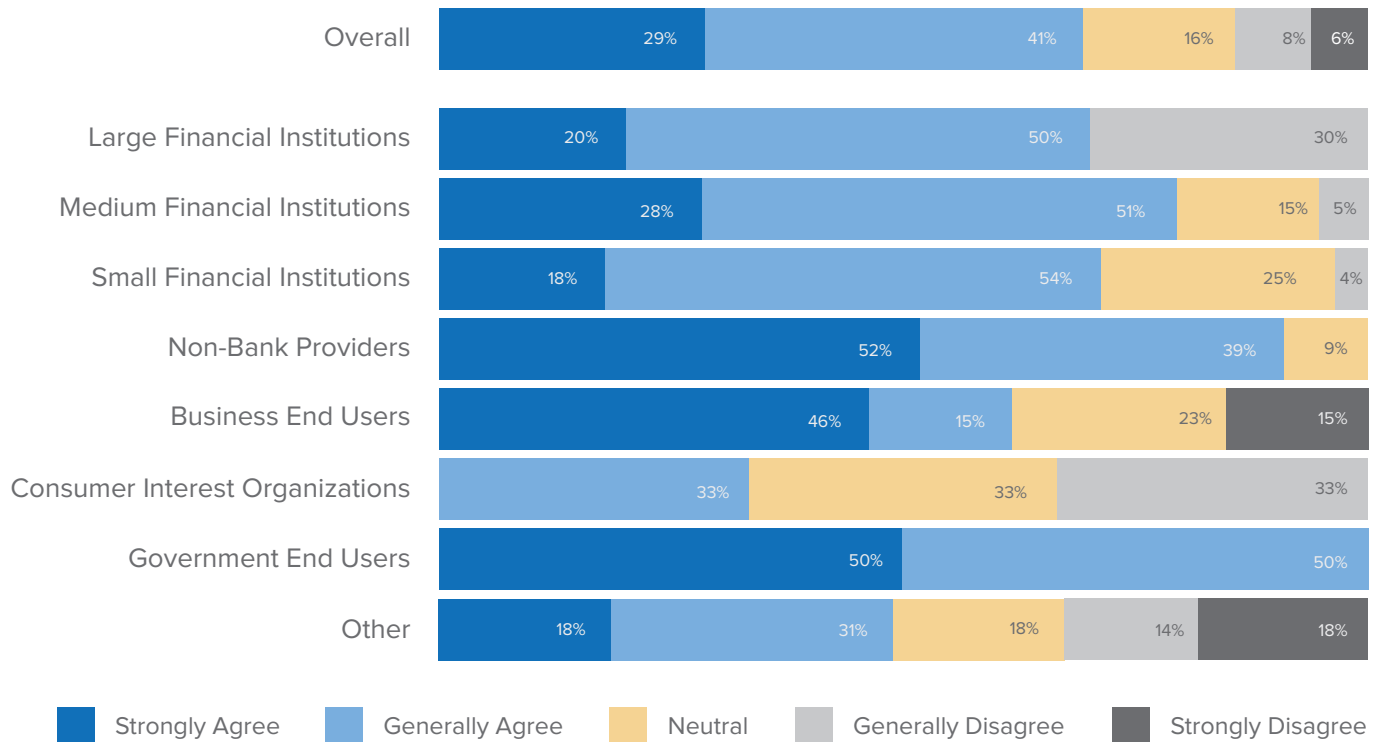
– Page 17, *Operating Vision for the U.S. Faster Payments Council*

Q: Please indicate your level of agreement with the approach and key messages contained in the section titled “The road to establishing the FPC.”



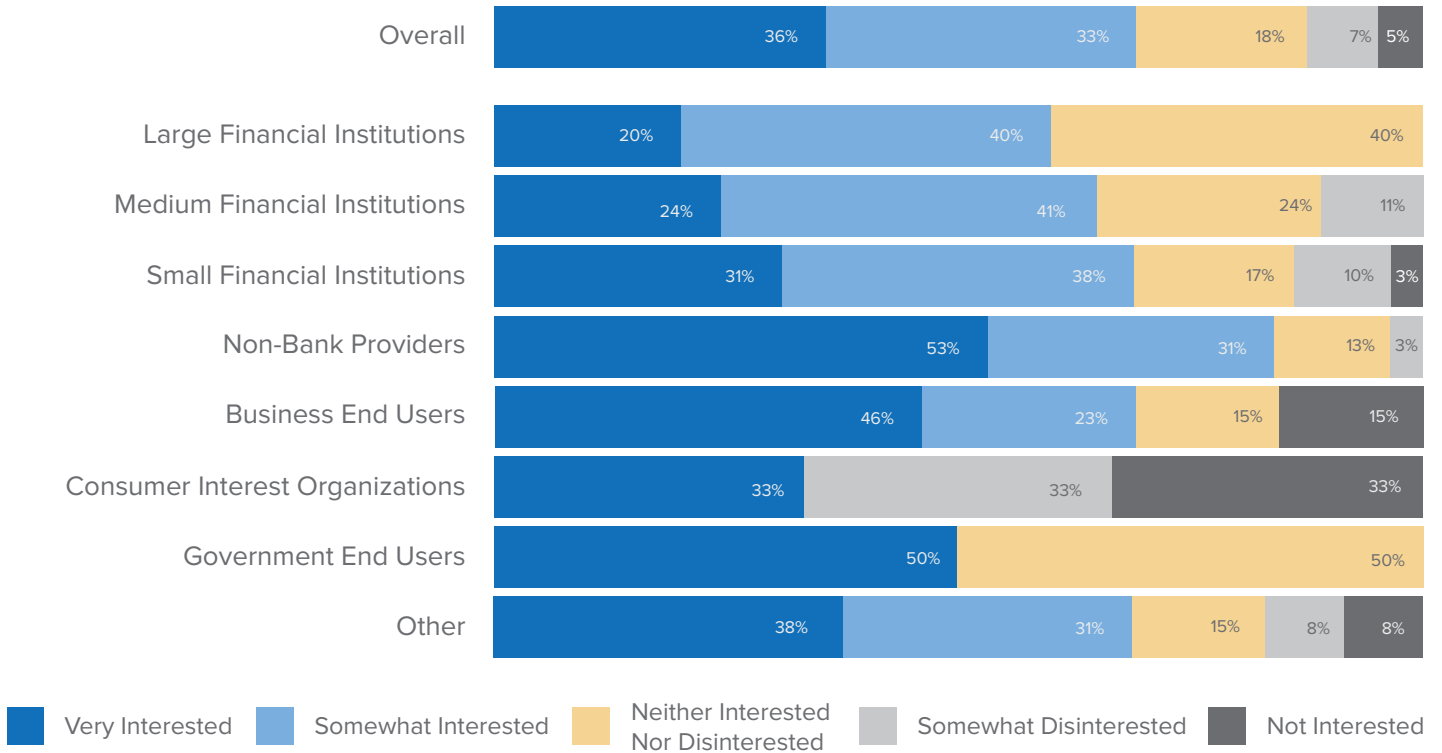
Survey Section 10

Q. Do you think the proposed design of the FPC will help advance achievement of ubiquitous faster payments in the U.S?



Survey Section 11

Q: What is your organization's level of interest in becoming a member of the FPC?



About the Governance Framework Formation Team

The Governance Framework Formation Team (GFFT) is an interim work group of 27 payments system stakeholders established by the Faster Payments Task Force in mid-2017 and facilitated by the Federal Reserve. The recommendation to develop and establish a faster payments governance framework was the leading directive of the task force, as noted in its final [report](#) published last July.

For more information on the Governance Framework Formation Team or its predecessor, the Faster Payments Task Force, go to [FedPaymentsImprovement.org](https://www.fedpaymentsimprovement.org) or [FasterPaymentsTaskForce.org](https://www.fasterpaymentstaskforce.org).