

**GFFT's Operating Vision for the FPC
Survey
BAFT Response June 20, 2018**

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- Industry Segment: Industry Trade Organization

- Permission to contact: Yes

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

- Generally agree and mostly on target

Please provide additional information in support of your answer:

- Unsure whether standard messaging formats are necessary at this time. Also unsure whether the FPC will have the expertise required to develop standard messaging formats itself. Perhaps this is a task, if necessary at all, better left to ISO or X-9.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section neither favorably nor unfavorably influences my organization's decision to join

Please provide additional information in support of your answer:

- None

If you did not agree with the approach and key messages contained in the section titled: II. The U.S. Faster Payments Council is needed to catalyze faster payments ubiquity, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- Please see details in the first answer for this section, above

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

- Generally agree and mostly on target

Please provide additional information in support of your answer:

- Although we agree with the guiding principles, the 2nd and 3rd include statements with little detail or support. Regarding flexibility and responsiveness, what characteristics make the FPC's structure flexible and adaptable? How are its processes designed to allow flexibility in implementation, especially when those processes have yet to be defined? Regarding fairness and transparency, does the "significant impact" test consider both member and non-member stakeholders? Who determines if there is a significant impact? Will important deliberations and decisions be pushed out to only the members or the public at large?

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section neither favorably nor unfavorably influences my organization's decision to join

Please provide additional information in support of your answer:

- None

If you did not agree with the approach and key messages contained in the section titled: III. Guiding principles are at the core of how the FPC operates, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- Please see details in the first answer for this section, above

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

- Generally agree and mostly on target

Please provide additional information in support of your answer:

- None

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section neither favorably nor unfavorably influences my organization's decision to join

Please provide additional information in support of your answer:

- None

If you did not agree with the approach and key messages contained in the section titled: IV. The FPC is organized for action and solving problems, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- None

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

- Generally disagree and mostly off target

Please provide additional information in support of your answer:

1. End users: Why are end users divided into three categories? Is the GFFT certain that the differences among these end users are important enough to support this segmentation and the accompanying representation of the three segments on the Board? Recommend one end-user segment with representation of consumers, businesses, and govt.
2. Unusual to have the regulator(s) of a system owned and operated by the private sector as a member of that governance council for that system. Seems like the structure could result in a conflict of interest, inappropriate (even if unintentional) influence, and/or stifling of open debate. Recommend dropping this membership category. Instead, the FPC should commit to regular communication and consultation with the relevant regulators.

3. Others. Should this segment have equal voting rights to other membership classes, given their inherently narrow focus on certain of faster payments (technical standards, legal advice of the proper rules concerning liability, etc.)? Could an industry association fit both within the Financial Institution, Payment Network Operator, or Other segment? This should be clarified.
4. In which segment would closed-loop users of a faster payments system or closed-loop faster payment network operator, like PayPal or Western Union fit? Are such players considered financial institutions, under the FinCEN definition of the term, Business End Users, Payment Network Operators, Tech Providers, or Others? Need to clarify.
5. In the description of membership, why is there no explicit alignment between the focus of the FPC's mission and the focus of the membership - i.e., faster payments? Is the GFFT expecting that the individuals and entities not engaged in faster payments will self-select out of membership? Recommend highlighting the importance of such a nexus.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section favorably influences my organization's decision to join

Please provide additional information in support of your answer:

- Under the draft guidelines, industry associations like BAFT are permitted to become members

If you did not agree with the approach and key messages regarding Membership contained in the section titled: V. The structure and decision-making processes of the FPC are designed to be inclusive, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- Please see details in the first answer for this section, above

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Please indicate your level of agreement with the approach and key messages regarding the Board of Directors contained in the section titled: V. The structure and decision-making processes of the FPC are designed to be inclusive. Also, in the comment box below, please provide specific feedback regarding how you view the authority and proposed allocation of the Board of Director seats.

- Generally disagree and mostly off target

Please provide additional information in support of your answer:

1. Government end users should have some representation on the Board on equal footing with other end users. If government end-users are early adopters and continuing users of faster payments, the business case for the new payment type (much like ACH and IAT) and health of the system increases exponentially.
2. Uncertain whether the differences among end users are important enough to support the three-way segmentation and the accompanying representation each of the three segments on the Board. Recommend one end user segment, with three members on the Board - one representing the consumer, one representing business, and one representing govt.
3. What are the rights and responsibilities of a government regulator "liaison?" A regulator in such a role might result in a conflict of interest, inappropriate (even if unintentional) influence, and/or stifling of open debate. Should not provide regulators with such a role. Instead, the FPC should commit to regular communication and consultation with the relevant regulators.
4. FASTER Payment Network Operators (as opposed to any payments network operator, such as TCH's SVPCo) should have the greatest number of votes by segment.
5. What is the term of a Board member? Recommend a minimum of 2 and a maximum of 4 years (contingent on timely payment of dues). Elections should be staggered to promote some continuity in leadership.
6. Does each Board member have an independent vote or does each segment vote as a block with the total number of votes provided to that segment being cast together as either a yes or no? We recommend the former option.

7. If many decisions will be made at Committee level and decisions affecting the FPC membership will be made by the membership as a whole, what types of decisions does the Board make? Please describe with more specificity.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section neither favorably nor unfavorably influences my organization's decision to join

Please provide additional information in support of your answer:

- None

If you did not agree with the approach and key messages regarding the Board of Directors contained in the section titled: V. The structure and decision-making processes of the FPC are designed to be inclusive, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- See first answer for this section, above

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

- Neither agree nor disagree

Please provide additional information in support of your answer:

1. Who are the other members of the Executive Committee? We recommend that they all be Board members except the Executive Director.
2. Is the Board slate compiled by the Nominating Committee or the members of the Nominating Committee itself subject to Board review and approval? We recommend clarification of the description in the table in favor of the former.
3. We recommend the creation of a Government Relations Committee to provide input on the content of FPC comment letters on proposed legislation and regulation and on the agenda for FPC meetings with Congress and regulators.
4. Is a Fraud-Related Information Sharing Working Group necessary? Is the fraud anticipated with faster payments really all that different from other payment types? Could the FPC leverage other information fraud, security, and financial crime sharing groups like FS-ISAC instead of embarking on a duplicative effort? Recommend forming this working group to study and make decisions on these questions before embarking on an additional information-sharing initiative.
5. In the description of the Fraud-Related Information Sharing Working Group, to what does the word "barriers" refer? Information sharing? Or should the word be changed to methods/typologies? Please clarify.
6. In the description of the Fraud-Related Information Sharing Working Group, "all payment service providers," etc. are listed. We recommend that only participants in the FASTER payments ecosystem be involved. Please clarify.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section favorably influences my organization's decision to join

Please provide additional information in support of your answer:

- Members are permitted to volunteer their talents to the various committees and working groups according to their interests; election is not required to contribute.

If you did not agree with the approach and key messages regarding Committees and Work Groups contained in the section titled: V. The structure and decision-making processes of the FPC are designed to be inclusive, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- Please see details in the first answer for this section, above

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

- Generally agree and mostly on target

Please provide additional information in support of your answer:

- If many decisions will be made at Committee level and decisions affecting the FPC membership will be made by the membership as a whole, what types of decisions does the Board make? Please describe with more specificity.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section favorably influences my organization's decision to join

Please provide additional information in support of your answer:

- Approve of consensus decision making model and that experts on committees and working groups have the authority to make decisions on issues that they are likely "closer to" than the Board or membership at large.

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Please indicate your level of agreement with the approach and key messages contained in the section titled: VI. FPC funding supports the organization's needs in an equitable and efficient way. Also, in the context of providing for an inclusive membership base while supporting the operations of the FPC, in the comment box below, please provide specific feedback regarding how you view the proposed dues tier structure and amounts, as well as the proposed benchmark (revenue) for determining an organization's tier.

- Generally agree and mostly on target

Please provide additional information in support of your answer:

- None

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section favorably influences my organization's decision to join

Please provide additional information in support of your answer:

- Non-profit trade associations like BAFT will most likely fall within the lowest membership fee tier.

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Please indicate your level of agreement with the approach and key messages contained in the section

- Neither agree nor disagree

Please provide additional information in support of your answer:

- These activities must be started for the FPC to be effective once launched. However, the drafting of bylaws, membership agreement, responsibilities of the Board and executive director, and job

description of the executive director will significantly influence, if not constrain, the future decision makers.

Is there anything in this section that is likely to influence your organization's decision to join the U.S. Faster Payments Council?

- The material in this section neither favorably nor unfavorably influences my organization's decision to join

Please provide additional information in support of your answer:

- None

If you did not agree with the approach and key messages contained in the section titled: VII. The road to establishing the FPC, or if you indicated that the material in that section unfavorably influences your organization's decision to join, what changes are needed in order for you to agree / have a more favorable view of the organization?

- None

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

- Mostly agree

Please provide additional information in support of your answer:

- None

What elements of the FPC do you find most compelling?

- Private-sector leads problem solving, guiding principles at the core of how the FPC operates (especially inclusiveness), consensus decision making, initial focus on removing barriers to ubiquity.

What elements of the FPC do you find least compelling?

- Regulators permitted to be members and Board liaisons, definition of membership segments and assignment of voting rights to each segment, lack of specificity in some sections of the framework, quality and quantity of involvement in FASTER payments not a prerequisite for FPC, Board, committee, or working group membership.

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

- Somewhat interested

Please provide additional information in support of your answer:

- None

Do you have any other feedback you would like to share, including anything you think may be missing?

- None