



Financial Services Policy Committee

A Committee of the Conference of Presidents Federal Reserve System

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Federal Reserve Banks Complete Final Phase of Research to Inform Payment System Improvements

Minneapolis, MN, September 4, 2014 — The Federal Reserve Banks have spent the last year conducting an extensive program of research and input gathering designed to inform an initiative to improve the speed, efficiency and security of the U.S. payment system. The effort began last fall with release of the [“Payment System Improvement – Public Consultation Paper”](#) which solicited [comments](#) on gaps and opportunities in the payment system. The paper described desired outcomes, strategies, and tactics to shape the future of U.S. payments, as well as the Federal Reserve’s role in implementing the strategies and tactics. In addition to the consultation paper, the Federal Reserve also completed a number of research initiatives designed to inform future plans for payment system improvements.

One of these research efforts explored the needs related to faster retail payments, one of the consultation paper’s desired outcomes, and included insights on end-user demand for specific payment attributes and a consultant-led assessment of alternatives for speeding U.S. payments. A second initiative involved identifying gaps and opportunities related to payment system security. Finally, an analysis of the business case to adopt the ISO 20022 international payment standard for the U.S. payment marketplace was conducted in collaboration with three other industry organizations: The Clearing House Payments Company, NACHA – The Electronic Payments Association, and the Accredited Standards Committee X9. The results from these key research efforts were shared via a number of industry forums hosted by the Federal Reserve in June 2014 at various locations across the country. Summaries of these work efforts and stakeholder input received can be found at [FedPaymentsImprovement.org](#).

“Stakeholders from all corners of the payment industry have demonstrated great enthusiasm for working together to identify and implement needed payment system improvements,” said Gordon Werkema, First Vice President of the Federal Reserve Bank of Chicago with responsibility for industry relations for Federal Reserve Financial Services. “The tremendous participation in our research initiatives and attendance and engagement at our forums is a testament to the focus and energy around these critical payment issues.”



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The Federal Reserve plans to use research conclusions and stakeholder feedback to prepare and share in the coming months a roadmap for payment system improvements. “Staff and leaders from around the Federal Reserve System are working diligently to craft a thoughtful and effective path forward,” commented Narayana Kocherlakota, president of the Federal Reserve Bank of Minneapolis and chair of the Financial Services Policy Committee. “The Federal Reserve remains committed to its mission of payment system integrity, efficiency and accessibility, and we look forward to ongoing collaboration with stakeholders this year and beyond to improve the ability of the U.S. payment system to meet evolving end-user needs for speed, efficiency and security,” said Kocherlakota.

For more information on these opportunities and to subscribe to strategic direction updates from the Fed, visit **[FedPaymentsImprovement.org](https://www.fedpaymentsimprovement.org)**.

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The Financial Services Policy Committee (FSPC) is responsible for the overall direction of financial services and related support functions for the Federal Reserve Banks, as well as for providing Federal Reserve Bank leadership to foster the integrity, efficiency and accessibility of the evolving U.S. payment system. The FSPC is composed of three Reserve Bank presidents and two Reserve Bank first vice presidents.