Governance Framework Formation Team
Operating Vision for the U.S. Faster Payments Council
NEACH Member Guide and Summary[1]

This blog article is the first in a series of posts summarizing critical components of the Governance Framework Formation Team's (GFFT) Operating Vision for the U.S. Payments Council. Our goal in offering this summary is to distill its essence and provide our members with the information and tools they need to craft well-informed, thoughtful responses to the GFFT's Request for Comment.

The Governance Framework Formation Team (GFFT) — a work group formed by the Faster Payments Task Force to develop an initial faster payments governance framework and membership structure — is asking industry stakeholders to review and [provide feedback](#) (via survey) on its draft *Operating Vision for the U.S. Faster Payments Council*.

The feedback period runs from April 24 through June 22.

The hard work to find consensus is ongoing, and two issues remain open — the proposed FPC Board and approach to funding. Broad industry input on these issues is critical to foster inclusivity, meet anticipated funding needs, and provide equitable representation on the Board.

NEACH WEBINAR TO ADDRESS THESE ISSUES

To address these and other related issues, NEACH is hosting a webinar on June 11 at 1 pm ET/12 pm CT, featuring Bradley Wilkes, President, and CEO of Wingcash and Steve Ledford, Senior VP of Products and Strategy at The Clearing House. Speakers will provide information on the draft Governance Framework Formation Team (GFFT) and its draft *Operating Vision* in support of faster payments ubiquity by 2020. GFFT is asking for your feedback on the proposed framework and U.S. Faster Payments Council.

To support our members as they consider this proposal and prepare their responses, NEACH is issuing a series of posts, unpacking the draft governance framework. Today's post focuses on the first of these issues — the Faster Payments

FPC Guiding Principles

Openness and Inclusiveness:
All members have a voice through equal 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 rules, when 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 individual organizations and stakeholder groups. It also provides safeguards for members to share information and collaborate on issues of common interest.

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[1] *Material contained in this summary is excerpted or adapted from the Operating Vision.*

Council Board of Directors.

Today's post focuses on the first of these issues—the Faster Payments Council Board of Directors. Below, we outline the approach and messages related to the Board.

We will address the funding issues in a subsequent post.

UBIQUITY IN 2020

When reviewing the proposed Board structure, consider it within the parameters of its overarching goal described below.

As noted in the *Operating Vision*, the Faster Payments Council's (FPC) core functions and processes are meant to support the goal of ubiquity in 2020. Other duties include helping to evolve and sustain faster payments systems over time and leverage existing models and organizations to do so when appropriate. Flexibility and adaptability of functions are vital concerns as the industry looks to the future.

THE BOARD OF DIRECTORS

FPC members elect the Board of Directors, which sets the strategic direction of the group and ensures processes, activities, and decisions are consistent with the guiding principles of the FPC (See sidebar on first page.).

The Board consists of 19 voting members representing the membership segments described in the proposed Board structure below:

PROPOSED BOARD STRUCTURE

MEMBERSHIP SEGMENT	VOTES
Consumers end user	2
Business end user	2
Financial institution	5
Payment network operator	4
Technology provider	4
Other	2

Because of the role of government as a payments end-user and regulator, the proposed governance framework states that government entities may not serve as directors or vote but can serve as liaisons to the Board.

Proposed Committees

The Board will establish formal committees and work groups, comprised of member volunteers and chaired by a Board Member, to carry out the functions of the FPC. These groups have a long-term or strategic focus and some may also have authority to make decisions.

Proposed committees are outlined in the draft *Operating Vision* as follows:

COMMITTEE	RESPONSIBILITIES
Executive Committee	Manages the FPC when the Board is not in session. Responsible for the Executive Director's evaluation and compensation. Consists of: Board Members with the Chairperson of the Board serving as the Executive Committee Chairperson and the Executive Director serving as the ex-officio non-voting member.
Finance/Audit Committee	Manages audit, accounting, and control functions; assists with oversight of revenues and expenditures and reports on FPC financial affairs; drafts the budget, including dues recommendations and spending. Consists of Board Members and chaired by the Secretary/Treasurer of the Board.
Nominating Committee	Subject to Board review and approval, develop a representative, inclusive, and diverse slate of candidates for open Board positions. Chaired by a Board member, committee members consist of Board members and general members.
Operations Committee	Identify and prioritize barriers to achieving ubiquity of faster payments and determine the most effective method to resolve them, consistent with the guiding principles. Activities may include creating processes to develop standards, guidelines, policies, rules, and certifications. Chaired by a Board member, committee members consist of Board and general members.
Network Committee	Address issues and launch initiatives focused on technical aspects of security and interoperability of faster payments, where industry-wide guidance and support would help maximize results. Chaired by a non-network operator Board member; committee members consist of network operators, core technology providers, and other members as appropriate.

Proposed Workgroups

Proposed work groups, some of which will convene immediately while others will assemble at a later time, include:

WORKGROUP	RESPONSIBILITY
Fraud-Related Information Sharing	Facilitate a forum for timely and frequent sharing of information among all payment service providers/operators/regulators to help them identify barriers, manage and monitor security issues, fraud, and bad actors.

Communication and Information Sharing	Facilitate a forum for the stakeholder community to communicate, share information, and identify barriers to achieving improvements to the faster payments system.
Education and Advocacy	Develop a comprehensive education program focused on informing all stakeholders of the key attributes and benefits of faster payments, the differences among various payment types, and associated legal rights. Educational campaigns may also be developed to address specific issues or audiences.
Regulatory	Facilitate collaborative engagement with regulators on FPC-identified barriers in the legal and regulatory landscape about faster payments.
Cross-Border	Facilitate a forum for the stakeholder community to work collaboratively to identify barriers and evaluate opportunities for cross-border faster payments.
Evolving Technology	Facilitate a forum for the stakeholder community to review the application of emerging technologies in the faster (or potentially broader) payments space and advance this dialogue within the industry.

DECISION-MAKING PROCESSES: DELIBERATION, CONSENSUS, and VOTING

The FPC will strive to achieve its goals in a collaborative and consensus-based way. Thus, workgroups, committees, and the Board will seek consensus in their deliberations, mainly if the resolution of an issue is likely to impact individual stakeholders or groups of stakeholders. This process ensures members that do not support the majority view on a topic feel heard, and the majority has a responsibility to consider modifications that address the concerns of the minority.

The Board and its committees are responsible for ensuring that any issue or matter that requires a formal vote/approval of either the Board or the full FPC membership will go through this deliberative process.

Many decisions will originate and pass approvals at the committee level, including those related to education and advocacy. The Board will review committee decisions that have a direct cost impact on members to ensure that the process was inclusive, fair, and consensus-driven.

Decision types that affect the FPC membership as a whole, including, for example, changes to the bylaws and election of directors, will require formal membership approval.

Although most votes will require a majority, the deliberation process and segment-level consultations needed for consensus decision-making will generally lead to votes that are unanimous in practice.

For a fuller discussion of these issues, read Section 5 of the *Operating Vision* in its entirety.

QUESTIONS TO CONSIDER

The draft *Operating Vision* is a work in progress with several outstanding issues. Your feedback will help resolve those issues and position the FPC to achieve a ubiquitous, world-class faster payments system.

As you begin the process of reviewing the *Operating Vision* and reflecting on your responses to the survey, allow the following questions to help shape your response:

1. When considering the proposed structure of the Board, what questions/concerns arise?

2. How do you feel about the "consensus-building" approach? Why?

3. How do you feel about the proposed Board representation? Why?

4. What additional information would you like to see related to the Board's structure and processes?

5. Regarding the proposed committee structure, what, if anything, is missing?

6. Regarding the FPC workgroups, what would you add to the list? Subtract from the list?

7. What issue(s), if any, did the GFFT overlook in drafting its proposed *Operating Vision*?

8. What would you change in the *Operating Vision* and why?

WE WANT TO HEAR FROM YOU

NEACH welcomes your thoughts on these questions. Please feel free to contact Joe Casali at jcasali@neach.org with your perspective on these or related issues and any additional questions you might have.