



An industry leader dialogue hosted by
the Federal Reserve Bank of Chicago

2013 Chicago Payments Symposium recap: Towards an industry roadmap

The Chicago Payments Symposium explored emerging payment issues by bringing together a diverse group of industry experts from around the country and the world to discuss the most pressing payment issues of the day. 2013 Symposium participants represented domestic and global financial institutions, payment network operators, merchants and businesses, card networks, vendors, payment processors and consulting firms.

On September 24-25, more than 160 payments industry leaders collaborated to explore the paths to faster, safer, more efficient payments from end-to-end. The Symposium provided a forum for exploring the “Payment System Improvement – Public Consultation Paper,” released on September 10, 2013, which shares the Federal Reserve’s perspectives on the key gaps and opportunities in the current U.S. payment system and identifies the desired outcomes that close these gaps and capture these opportunities. Over 40 experts participated as speakers in half a dozen collaboration sessions in the Symposium. Speakers focused on issues affecting the payment marketplace today to identify areas of shared vision among participants and opportunities to collaborate to achieve that vision.

Keynote speaker observations

In her opening [keynote address](#) (Off-site Link), Sandra Pianalto, president and chief executive officer (CEO) of the Federal Reserve Bank of Cleveland and chair of the Federal Reserve's Financial Services Policy Committee, reported on the gaps and opportunities the Federal Reserve has identified in charting our strategic direction for financial services. Pianalto also focused on the potential for pursuing a near-real-time payment system in the U.S. and how industry collaboration can drive meaningful changes in the payment system.

"Looking to the future, our goals at the Federal Reserve are two-fold. First, we want to gain the industry's insight in understanding end-user needs. And second, we want to engage with the industry to bring forward improvements in U.S. payments that accelerate the speed, increase the efficiency and enhance the convenience, accessibility, safety and security of payments." Sandra Pianalto, President and CEO, Federal Reserve Bank of Cleveland

Carl Rutstein, senior partner at the Boston Consulting Group and luncheon keynote speaker, explained why collaboration matters. He also offered his lessons learned from successful collaborations some of which are highlighted here:

- Identify the right problems to tackle
- Aim for an industry standard bolstered by clear governance
- Create an environment in which every stakeholder wins
- Provide a solution that will be available to the broader industry
- Permit separation of the collaborative from the competitive

Breakout session observations

During the day and a half conference, several themes emerged in panel discussions and participant dialogue, including:

- Legacy payment instruments lack some of the features that end users increasingly desire. It is increasingly a real-time world as evidenced by the evolution of online shopping and delivery.
- A strategic business case to shape future potential improvements is critical. The vision, solution, high-level costs and benefits, and economic model can be identified at the strategic systemic level, but the detailed financial analysis with projected ROI is an individual enterprise exercise. When considered over a 10-year horizon versus the one- to three-year horizon that participants might typically consider, a clearer business case will likely emerge for a number of the improvements discussed.
- In the last 10 years, as a result of the structure in the payments industry in the United States, a number of participants argued that closed-loop payment systems have proliferated and our payment system may lag behind those in other parts of the world in terms of some attributes such as ubiquity, speed and efficiency to varying degrees.
- Internationally, we are all in more similar boats than we might believe and there are lessons to be learned from other countries in undertaking large-scale payment system initiatives.

Symposium participants recognized the importance of a payment industry roadmap with an increasingly international and standards-driven focus. Faster, more convenient payment options for end users that are safe and interoperable, and strong, thoughtful leadership are all considered critical to the further improvement of the U.S. payment system. Gordon Werkema, first vice president of the Federal Reserve Bank of Chicago and product director of the Federal Reserve Banks' Customer Relations and Support Office, noted that we are in the middle of a once-in-a-generation technology change that is enabling dramatically enhanced service levels for end customers. As moderator of the wrap-up panel, Werkema indicated the increasing convergence of thinking among many industry participants on the benefits and importance of a shared industry roadmap.