



SINCE 1902

CONFERENCE OF STATE BANK SUPERVISORS

14th Annual Chicago Payments Symposium

G. Edward Leary

Utah Commissioner of Financial Institutions

CSBS Emerging Payments Task Force Member

ABOUT CSBS

- CSBS is a nationwide organization of banking regulators from the 50 states and the U.S. territories.
- For more than 100 years, CSBS has given state supervisors a national forum to coordinate supervision and to develop financial policy.

SUPERVISION OF PAYMENTS INDUSTRY

- State banking regulators regulate a diverse set of institutions that include many different intermediaries and participants in the payments space.
- Emerging Payments Systems: mobile payments developments, other technological innovations, and, of course, virtual currencies.

EMERGING PAYMENTS TASK FORCE

PURPOSE

Initiate a comprehensive evaluation of the payment systems, and the emerging developments that potentially impact consumer protection, state law, and banks and non-bank entities chartered or licensed by the states.

EMERGING PAYMENTS TASK FORCE

MEMBERS

- California
- Florida
- Georgia
- Massachusetts
- New York
- Tennessee
- Texas
- Washington State
- Utah

EMERGING PAYMENTS TASK FORCE

PRIORITIES

- Engage a broad range of stakeholders – including fellow state regulators, federal regulators, industry participants, and other experts – to understand how new entrants and technologies affect the stability of payment systems and the broader financial marketplace.
- Develop ideas for connecting the emerging payments landscape to the financial regulatory fabric.
- Find the best possible supervisory structure to encourage innovation and consistent regulatory approaches while still maintaining safety and soundness, marketplace stability, and consumer protection.

EMERGING PAYMENTS TASK FORCE

VIRTUAL CURRENCIES

- Issued Model Consumer Guidance
- Held Public Hearing
- Conducted National Survey
- Meetings with Industry Participants

EMERGING PAYMENTS TASK FORCE

CONSUMER GUIDANCE

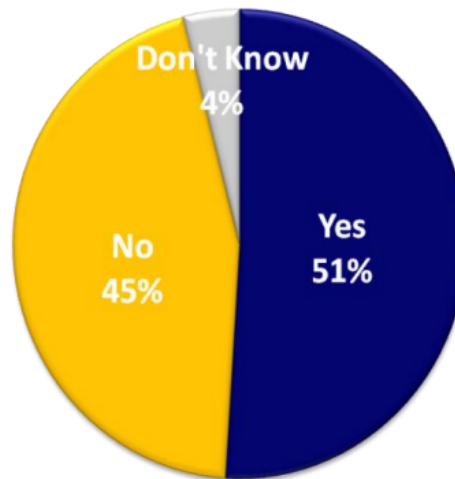
- Developed with the North American Securities Administrators Association (NASAA).
- Served as a model guidance for state agencies to use as part of their efforts to educate consumer about virtual currencies.
- The guidance encouraged consumers to do their own research and warned that virtual currency can be volatile, can be subject to cybercrime, and is oftentimes volatile in nature.

EMERGING PAYMENTS TASK FORCE

NATIONAL CONSUMER SURVEY

Awareness of Bitcoin and Other Virtual Currencies

Over half of respondents (51 percent) said they had heard of Bitcoin or another virtual currency. Among those who heard of virtual currency, the most common sources of information were the Internet (54 percent) followed by television (25 percent).

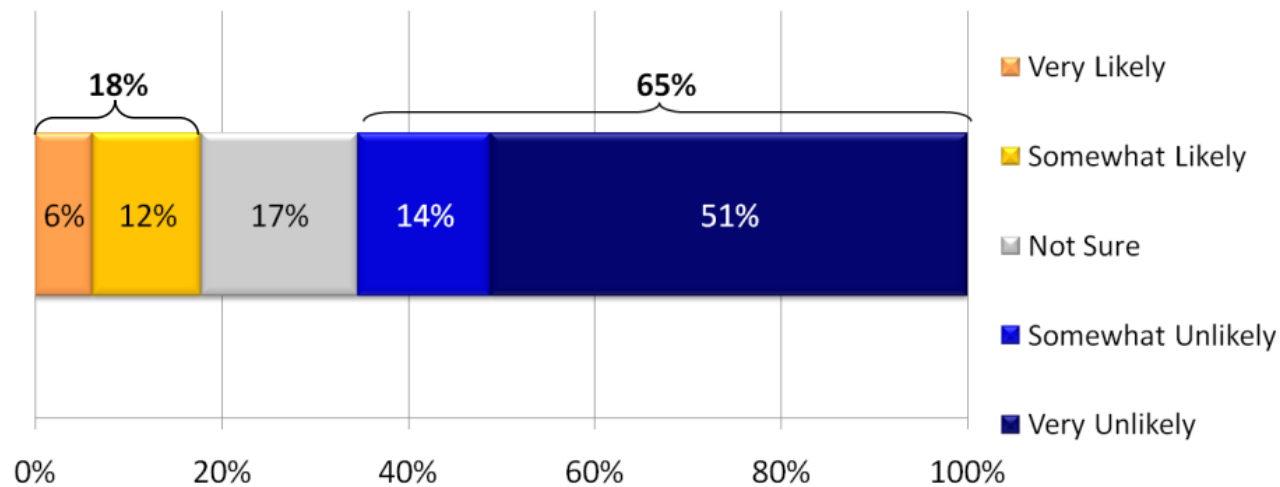


EMERGING PAYMENTS TASK FORCE

NATIONAL CONSUMER SURVEY

Likelihood of use of Bitcoins or other virtual currencies

Of the respondents who had heard of Bitcoin, only three percent of respondents had purchased or used virtual currency. Of those most likely to have purchased were young respondents, aged 18-24 years old, as well as Hispanics. When respondents were asked how likely they would be to purchase or use Bitcoin, two-thirds (65 percent) of respondents said they were somewhat or very unlikely to purchase or use Bitcoins in the future.



EMERGING PAYMENTS TASK FORCE

PUBLIC HEARING

- Legacy Payments Systems
- Emerging Payments Innovations
- Virtual Currencies

EMERGING PAYMENTS TASK FORCE

PUBLIC HEARING TAKEAWAYS

- Consumer awareness primary obstacle to technology adoption.
- Emerging technologies are impacting payment products and services for all demographics and age groups, including unbanked and underbanked consumers.
- As payment models evolve, regulatory requirements should also evolve to provide sufficient protection to consumers, merchants, and the systems themselves.

EMERGING PAYMENTS TASK FORCE

NEXT STEPS

- Continue dialogue with industry experts and partners.
- Expand our efforts to gather information from consumers, other stakeholders, and from our federal regulatory counterparts.
- Discussing the development of a Model State Regulatory Framework or a set of Model Regulatory Principles.

EMERGING PAYMENTS TASK FORCE

NEXT STEPS

- Focused on preserving marketplace stability while supporting innovation in a manner that promotes a diverse financial services marketplace, and
- Supporting state efforts to identify and drive toward consistent regulatory and supervisory approaches.

EMERGING PAYMENTS TASK FORCE

THANK YOU!