

# API Standardization Industry Group

Meeting Summary Report | Aug. 24, 2017





## BACKGROUND

Following a successful inaugural meeting in May 2017, the API Standardization Industry Group reconvened in late August to build upon the dialogue and outcomes from its initial meeting. The main objective of that initial meeting was to identify and prioritize the API use cases that would be explored by the Group. And the Group accomplished its objective. It identified eight main categories under which use cases for API Standardization would fall: (1) Payment Access; (2) Fraud & Risk Reduction; (3) Data Sharing; (4) Directories/Registries; (5) Portability; (6) Enabling Services for the Unbanked/Underbanked; (7) Ubiquity; and (8) Coordination of Other API Efforts. And, they prioritized three categories of use cases to solve for first: (1) Fraud & Risk Reduction; (2) Data Sharing; and (3) Payment Access.

From May to August 2017, select working groups met on a regular basis. They continued the progress of API identification, prioritization and development in order to prepare confirming and setting priorities for the APIs during the August meeting.

## AUGUST API STANDARDIZATION INDUSTRY GROUP MEETING

On Aug. 24, 2017, nearly 60 participants of the API Standardization Industry Group, representing 42 organizations, convened at the Federal Reserve Bank in Atlanta to finalize and confirm the initial APIs for development, as well as score and rank them to determine which APIs will be developed first.

# APIs



Through robust dialogue and debate around payments challenges, needs and areas for enhancement, considering the various payments system stakeholders, the API Standardization Industry Group working groups identified 16 specific APIs for development to help advance payments and the financial services industry. The APIs fall under the three priority use case categories of Fraud & Risk Reduction, Data Sharing and Payment Access and, are as follows:

## FRAUD & RISK REDUCTION

- API: Account Validation ensures target accounts are valid and payments are posted as desired.
- API: Federal & State Tax Payment Receiver Account Validation for Credit Payments uses a standardized process to provide improved safety for government disbursements.
- API: Get Bank Contact Information allows originating financial institutions to alert receiving financial institutions of potential fraud quickly to help ensure funds are not distributed.
- API: Industry Notification of Account Closure allows financial institutions provide information on closed accounts in a more timely manner to prevent fraud.
- API: Payer & Payee Identity Verification provides for a centralized model allowing participants in payments systems to verify the identity of payers or payees, reducing fraud.
- API: Request Account Token standardizes the process utilized by financial institutions for tokenization to protect consumer's sensitive information.

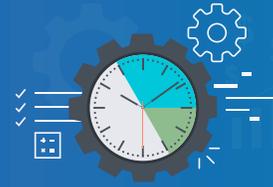
## DATA SHARING

- API: Credit Decisions provides the ability to gather information needed to make credit decisions from providers and receive the information in a standard method/format.
- API: Get Account Balance provides for the ability to request account balance and receive that data in a standardized method/format, standardizing security, data access, and messaging for permissions-based transactions.
- API: Get Account History provides for the ability to request account history and receive that data in a standardized method/format, standardizing security, data access, and messaging for permissions-based transactions.
- API: Marketing Purpose improves the ability to efficiently gather customer data and deliver it in a standard method/format.
- API: Single Sign On provides an easy-to-support method for financial institutions' customers to connect to multiple applications requiring a log in through a single sign on capability.



## PAYMENT ACCESS

- API: Financial Institution Approval/ Enrollment of ACH Originators speeds up the process of enrolling for ACH origination - as risk management and regulatory compliance can make the process cumbersome for financial institutions – and lowers the costs for financial institutions.
- API: Human-to-Machine (IoT) supports inclusion of payments options into more devices such as wearables, single-purpose payment devices, ATMs and vending machines.
- API: Interoperability supports interoperability by creating a set of standards for payment initiation and routing determination between payers and payees using different networks.
- API: Real-Time Messaging & ACH Network Interoperability for “Credit Push” Payments enables real-time messaging between the sender and receiver or processor so that payment instruction may be accepted in real time and processed with ACH batch settlement, providing enhanced visibility into payments and better cash management for businesses.
- API: Transaction Status provides the Originator of a payment with the status of the transaction via real-time message.



## API PRIORITIZATION

Although each of the specific APIs outlined are deemed by the API Standardization Industry Group as capable of having an immediate and significant impact on the payments ecosystem, to ensure steady progress and timely deployment, the Group selected five APIs for initial development.

Selection was based on a series of criteria to help determine success probability and ranged from measures such as the cost to implement and potential return on investment, to significance of the pain point or opportunity the API addresses and its impact on the security of transactions. Group members scored the APIs based on the measures, and as a result, the following were identified as the leading APIs for initial development:

API: Account Validation/ API: Federal & State Tax Payment Receiver Account Validation for Credit Payments\*

API: Get Account Balance/API: Get Account History\*\*

API: Get Bank Contact Information

API: Interoperability

API: Transaction Status

\* API: Account Validation and API: Federal & State Tax Payment Receiver Account Validation for Credit Payments scored similarly, and because the APIs are closely related, they will be combined and developed as a single API.

\*\*API: Get Account Balance and API: Get Account History scored similarly, and because the APIs are closely related, they will be combined and developed as a single API.



## NEXT STEPS

With the priorities clearly in place, the API Standardization Industry Group will begin work on developing the initial slate of APIs. To support this work effort, the Group will be establishing three new internal Workgroups:

- The API Design Workgroup, which will design the initial slate of APIs and specifications including the API type (SOAP vs REST) and access method (XML vs JSON), and work closely with other industry groups working on message standardization
- The API Security Workgroup, which will determine the security framework for the APIs, including authorization, authentication and encryption, based on current best practices and industry standards
- Business Analyst Workgroup, which will determine the functional requirement of each API and criteria to measure how well it performs against the functional requirement

As the API development work progresses, the Group will also continue developing components of the “API Playbook,” which will serve as the guide for the industry, outlining the value of API standardization, the opportunities and benefits of adoption, and providing the use cases and actual APIs, as well as the governance and standards to support adoption, consistency and security.

The work of the API Standardization Industry Group is progressing rapidly, thanks to the committed participants who understand and value what API Standardization can do for the payments industry. Although work continues to progress, there is much more to be done, and the Group looks forward to keeping the industry informed of its progress, as it seeks to transform financial services through API standardization.

## UPCOMING API STANDARDIZATION INDUSTRY GROUP MEETINGS

Oct. 11, 2017

Westin New York at Times Square  
New York City, NY



### MEETING PARTICIPANTS

ACI Worldwide  
Actum Processing  
Affirmative Technologies  
ASC X9  
Bank of America Merrill Lynch  
BB&T  
BillingTree  
CAPCO/FIS  
CEDAR Document Technologies  
CGI  
Citizens Bank  
Commerce Bank  
D3 Technology, Inc.  
Dovetail  
Early Warning Services  
EPCOR  
First Data  
FIS  
Fiserv  
FI.SPAN  
FRB Atlanta  
FRB Chicago  
FRB Minneapolis  
IFX Forum  
J.P. Morgan  
MFUG Union Bank  
mSHIFT, Inc.  
NACHA – The Electronic Payments Association  
Pelican  
PLAID  
PNC Bank  
QCHEQUE  
SHAZAM  
Softgiving  
TD Bank  
Team One CU  
The Clearing House  
U.S. Bank  
Volante Technologies  
Wells Fargo  
XMLdation



## API STANDARDIZATION INDUSTRY GROUP LEADERSHIP TEAM

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BillingTree

Alex Yang  
Director  
Bank of America Merrill Lynch

Charles Youakim  
CEO  
Sezzle

## ABOUT THE API STANDARDIZATION INDUSTRY GROUP

The API Standardization Industry Group is a diverse group of organizations and individuals working to support advancement and use of standardized APIs within the U.S. financial services industry.

The Group is made up of leaders from financial institutions, fintechs, businesses, service providers, standards organizations and others, all of whom have a desire to further efforts to standardize the use of APIs in the U.S. The API Standardization Industry Group is sponsored by NACHA's Payments Innovation Alliance.

### FOR MORE INFORMATION

For more information about the API Standardization Group or to join, visit [www.nacha.org/content/api-standardization-industry-group](http://www.nacha.org/content/api-standardization-industry-group).



## ABOUT NACHA'S PAYMENTS INNOVATION ALLIANCE

The Payments Innovation Alliance, a membership program of NACHA — The Electronic Payments Association®, brings together diverse, global stakeholders to support payments innovation, collaboration, and results through discussion, debate, education, networking, and special projects that support the ACH Network and the payments industry worldwide. The Alliance brings together content and focus across all payment areas, including APIs and other emerging payment technologies, mobile initiatives, tokenization and account validation, and global payments. Membership includes organizations of all sizes and spans the payments industry spectrum. Visit <https://www.nacha.org/content/payments-innovation-alliance> for more information.

## ABOUT NACHA –THE ELECTRONIC PAYMENTS ASSOCIATION

NACHA—The Electronic Payments Association is the steward of the ACH Network – one of the largest, safest and most reliable payment systems in the world. The ACH Network creates value and enables innovation by universally connecting all U.S. financial institutions, and moving money and information directly from one bank account to another. In 2016, there were 25 billion ACH payments made that moved \$43 trillion. NACHA also brings together diverse organizations to develop rules and standards to benefit payments ecosystem participants, including Electronic Benefits Transfer (EBT) and healthcare Electronic Funds Transfer (EFT). By collaborating with other standards organizations and geographies, NACHA facilitates compatibility and integration with U.S. payments. Visit [nacha.org](http://nacha.org) for more information.