



Financial Innovation Now | Policy Priorities

Financial Innovation Now is an alliance of technology leaders, including Amazon, Apple, Google, Intuit and PayPal, that are working together to modernize the way consumers and businesses manage money and conduct commerce. We believe that technological transformation will make financial services more accessible, safe and affordable for everyone, and we promote policies that enable these innovations.

Trust and Safety in Financial Services

- **Promote Better Security and Authentication.** Technology innovators are developing numerous methods to protect security and authenticate users of financial services, and this constant evolution is necessary to drive down fraud and stay ahead of hackers. No one technology should be mandated for security and authentication, nor should one dominant technology become a de facto mandate. Rules on security and authentication, if necessary, should be based on principles and consensus to continue to allow innovation.
- **Drive Open Standards.** Existing and proposed authentication systems, particularly in payments, are closed and proprietary, which locks out innovation and actually diminishes the greatest potential security and fraud reduction methods. Policymakers should promote the development of open security and fraud reduction standards that enhance and enable innovation.
- **Increase Transparency of Fraud and Security Costs for Payments.** Fraud prevention and security are crucial for everyone in the payment ecosystem, and their costs should be proportionate to actual risk. Currently there is little transparency into the true cost of security and fraud prevention in electronic payments. Many of these costs are based on antiquated assumptions and outmoded brick-and-mortar systems. Policymakers and industry stakeholders cannot accurately ascertain whether such costs are in sync with actual risk, especially online and within mobile environments. Regular, objective research is needed regarding comparative payment fraud rates and security costs.

Inclusion

- **Leverage Technology to Reduce Barriers to Financial Services.** Over two billion people in the world lack access to basic financial services, including nearly ten million households in the United States. The Internet, the cloud, and mobile revolutions have made it much easier to connect people to affordable financial services. Modern technology platforms can enable entirely new services, reach underserved or ignored populations through nontraditional ways, or help traditional financial institutions provide services more effectively. As policymakers grapple with financial inclusion, they should explore ways to leverage this modern connectivity to overcome traditional barriers to financial services, and provide secure, convenient and cost-effective financial services, especially to those with greatest need.

Faster Payments

- **Enable Innovation and Real-time Payments Clearing.** Payments can sometimes take days to clear through the legacy payments infrastructure. All payments should be simple and clear in seconds, like an email. The United Kingdom already has made significant strides toward such a system. Fortunately, the Federal Reserve's Faster Payment Task Force is currently reviewing various criteria for a future payment clearing system, including speed, security, efficiency, ubiquity, and collaborative qualities. For innovation to flourish, any future system should allow for multiple kinds of payment networks and interoperability between networks. The Task Force should also adopt a more ambitious timeline for completing its work by 2018.

Lending

- **Streamline Rules for the Online Lending Marketplace.** As borrowers find challenges with the traditional Main Street banking branch, lending is evolving to an online marketplace that enables consumers and small businesses to access capital in a shorter amount of time and with innovative practices. Antiquated Federal and State regulations fail to address constant change, diversity and innovation in the marketplace. Federal and State policymakers should streamline lending laws across jurisdictions and account for the innovative lending market of today.
- **Promote Best Practices for Consumer and Small Business Online Lending.** New, ever-changing approaches to online lending are increasing access to affordable sources of capital. Policymakers should promote industry best practices that protect consumers and small businesses while maximizing the diversity and innovation in lending services.

Open Financial Applications

- **Unlock the Power of Financial Apps.** Consumers and small businesses are using new applications to leverage their own financial accounts and information to qualify for better services and make smarter decisions. They need clear access to their accounts to enable these benefits. Policymakers should empower consumers and small businesses to securely access their own accounts via whatever application or technology they wish, without charges that favor any one application or technology over another.