

## America's Leading Financial Institutions to Collaborate on the Safety and Soundness of Digital Payments

### *Leading Banks to Develop Open Standard Solution to Protect Customer Account Information*

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New York, NY – July 1, 2013 – The Clearing House (TCH) announced today that it is working with the nation's leading financial institutions to develop an industry-wide dynamic credentialing solution to improve the safety and soundness of digital payments. As a first step, TCH, which is comprised of 22 member banks, is developing a pilot program to demonstrate a solution that would foster an open standard solution that aims to enhance customer account information safeguards. The credentialing solution is being built to help protect customer account information by reducing storage of sensitive information, such as a customer's card number, across multiple retailers, virtual wallet providers and others. The initiative is designed to ensure that solutions in mobile and other digital payment channels scale in a consistently safe and sound manner.

"Financial institutions have always been the stewards of safe and sound payment systems," said Richard K. Davis, Chairman, President and Chief Executive Officer, U.S. Bancorp and Chairman of The Clearing House. "As an industry, we want to do what we can to ensure that privacy and fraud protection are built into all types of digital payments."

The pilot will test customers' ability to use their mobile device to make a purchase within a mobile wallet and at the point of sale. The customer's actual account number will be replaced by the issuing bank with a randomly generated temporary number, or dynamic credential, for processing the transaction. This protects a customer's account information behind bank firewalls and lowers the potential for fraud in digital payments. Customer experience for payment transactions with mobile devices should not be impacted as the pilot is focused on the "behind the scenes" of a digital payment transaction.

"As the digital ecosystem evolves, broad adoption of digital payments will depend upon confidence in the security and storage of customer account information," said Paul Galant, Chief Executive Officer, Citi Enterprise Payments. "This initiative is designed to provide important new ways to protect customer account information and increase customer confidence in the security of the payment systems."

“Proactive collaboration and consensus among major banks on this scale demonstrates the ability and commitment to managing risk and protecting our customers,” said Bank of America Consumer Marketing, Analytics and Digital Banking executive Aditya Bhasin.

“We’re confident this approach will enhance the safety and soundness of the payments system,” said Bennett Bradley, President of BB&T’s Payment Solutions Division.

The Clearing House will provide an update on the initiative as the pilot progresses.

“The development of an innovative, safe and sound solution for digital payments is a natural evolution for The Clearing House,” says The Clearing House President and CEO James Aramanda. “For 160 years The Clearing House has focused on the safety and security of payments for all Americans. First with the development of a central clearing house, then the paper check, followed by electronic payments and now it is ready to ensure digital payments safety and security for future generations.”

**About The Clearing House** Established in 1853, The Clearing House is the oldest banking association and payments company in the United States. It is owned by the world’s largest commercial banks, which collectively employ more than two million people and hold more than half of all U.S. deposits. The Clearing House Payments Company L.L.C. provides payment, clearing, and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing – through regulatory comment letters, amicus briefs, and white papers – the interests of its owner banks on a variety of systemically important banking issues.

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