

**Meeting Between Staff of the Federal Reserve and
Representatives of Bridge Community Bank and SHAZAM
March 17, 2021**

Participants: Jess Cheng, Elena Falcettoni, Susan Foley, Cody Gaffney, Mark Manuszak, Stephanie Martin, Ian Spear, Larkin Turman, and Krzysztof Wozniak (Federal Reserve Board); Esther George (Federal Reserve Bank of Kansas City)

Bob Steen (Bridge Community Bank); Terry Dooley (SHAZAM)

Summary: Representatives from Bridge Community Bank and SHAZAM met with staff of the Federal Reserve to share their perspectives about the debit card routing provision in Regulation II as it relates to payment authentication methods, as well as the adoption and implementation of emerging payment technologies.

Attachment

FRB MEETING

MARCH 17TH 2021

PINLESS OR SIGNATURE?

- Card-present PINless
 - Single or Dual message
 - Card authenticated using the cryptogram on the chip
 - Reduce processing expense
 - No pre-authorization or hold against the account
 - No delay in the clearing or settlement of the transaction
- No consumer authentication (no PIN)

- Card-present signature(less)
 - Dual-message
 - Card authenticated using the cryptogram on the chip
 - Increased processing expense
 - Separate authorization or hold against the account
 - Separate completion to clear and settle the transaction
- No consumer authentication (no signature)

PIN, PINLESS, SIGNATURE OR BIOMETRIC

Type of transaction	PIN	PINless	Signature(less)	Biometrics
Lower risk of social and friendly fraud due to real-time authentication	✓			✓
Lower risk of counterfeit card fraud due to chip authentication	✓	✓	✓	✓
Chargeback and representment rules apply	✓	✓	✓	✓
Use fraud neural engines to score and block fraudulent transactions	✓	✓	✓	✓
No delay in authorization and clearing of the transaction, reducing chance of consumer overdrafts	✓	✓		✓

Routing Choice

Routing Choice	PIN	PINless	Signature	Tokenization	Biometrics
Card Present (Common AID)	✓	✓	✓	✓	✓
Contactless (Common AID)	✓	✓	✓	✓	✓
E-Commerce	✓	✓	✓	✓	✓
Card on file (token)	✓	✓	✓	✓	✓
Digital Device (phone)	✓	✓	✓	✓	✓
Global AID – Priority 1	✓	✓	✓	✓	✓

REGULATION II

- How do the transactions discussed relate to the Regulation II routing requirements?