

X9, Inc.

Strategic Plan

for the period
2007 – 2010

Strategic Planning Group

X9's Strategic Planning Group was comprised of the following members of the X9 Board of Directors, Board Management Committee Chairpersons, X9's Subcommittee Chairpersons, and X9 staff.

Jim Shaffer, ACI	X9 Chairman
Vincent DeSantis, The Clearing House	X9 Vice Chairman
Cindy Fuller	X9 Executive Director
Mark Zalewski, American Financial Services Association	X9C & TC68 Chairman
Steve Stevens, NCR	Policy Committee Chairman
John Fitzpatrick, Deluxe	Membership & Marketing Chairman
Dexter Holt, Federal Reserve Bank of Boston	X9B Chairman & Strategic Planning Group Leader
Richard Sweeney, Visa Corporation	X9F Chairman
Dan Welch, Bank of America	X9B Vice Chairman
Steven Ranzini, University Bank	Board Member
Dan Schutzer, Financial Services Technology Cons'm	Board Member

Approved by the X9, Inc Board of Directors:

_____ Date

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Section I: Introduction

The Accredited Standards Committee X9, Inc. has established this Strategic Plan for 2007 to 2010. The Plan has been developed by members, including; members of the X9 Board, subcommittee chair and vice chairpersons and X9 staff.

Foundation documents that support the plan are provided as Attachments to the Plan.

This Plan is intended to guide the development, operation, and general activities of X9 and to provide a baseline by which to measure progress against the Plan's objectives and the conduct of X9's standards activities (national and international) in executing X9 responsibilities for the financial services industry as:

- an accredited standards developer (ASD) under the American National Standards Institute (ANSI),
- a US Technical Advisory Group (TAG) to International Organization for Standardization (ISO) Technical Committee 68 (TC68) and its Subcommittees 2, 4, and 7 (SC2, SC4 and SC7) and the ISO 20022 Registration Management Group (RMG), and
- the Secretariat to ISO TC68, ISO TC68 SC2, and Secretary for ISO TC68 20022 RMG.

This Plan reflects the Board's 2006 decision to meld five independent payments standardization efforts into one Payments Subcommittee in order to reduce the tendency to conduct our payments development efforts independently, without the benefit of knowledge of what might be relevant in other payment areas. The Payments Subcommittee was formed in anticipation of X9's strategic vision.

It is expected that key initiatives will be derived from this plan to continuously improve and measure the relevance and quality of its program of work, and to advance the leadership position of the United States in the development and use of open, consensus standards throughout the global financial services industry. This Plan will act as a guide to determining key activities for advancing the development activities of each X9 and TC68 Subcommittee and for coordinating work among subcommittees.

The plan itself is presented on pages 4 through 8 with the balance of the document organized into attachments that contain important supplemental information regarding X9's mission, business purpose, corporate values and principles. The attachments conclude with extracted language from ANSI's 2005 National Standards Strategy which, in selected cases, has been tailored to reflect X9's mission.

Progress against this plan will be reported as a matter of course at Board of Director meetings.

Comments and suggestions on this document are welcome and should be submitted to Jim Shaffer, Chairman of the Board and to Cindy Fuller, X9 Executive Director.

Section II: X9's Strategic Vision

X9 is strongly committed to developing and managing broadly-adopted financial industry sector standards. The challenge and opportunity for X9 is related to the breadth of the industry sector that it serves and the diversity of resources it can commit to address emerging financial industry infrastructure standards issues.

Accordingly, there a number of steps that must be taken in order to ensure that the work efforts undertaken by X9 are identified and prioritized to yield the greatest benefit to the participants.

1. Effectively develop and maintain existing standards in accordance with X9's and ANSI's standards development procedures.
2. Improve processes for obtaining input from the financial industry into the standards development process.
3. Establish priority timelines for managing the current body of work and confirm/manage timelines for approved new work efforts to support industry needs.
4. Facilitate an internal understanding of X9's development portfolio across subcommittees and articulate key aspects of the Plan to the financial community.

Section III: Strategic Objectives and Tactical Directions

The items listed below tie directly to each of the four Vision statements and provide objectives, tactical directions or activities which the subcommittees will tailor to reflect their focus and against which effectiveness measures will be developed.

Effectively develop and maintain existing standards in accordance with X9's and ANSI's standards development procedures nationally

- Subcommittees will assure that work efforts to revise, reaffirm or withdraw X9 documents/standards are completed within the X9 prescribed deadlines.
- Subcommittee chairpersons shall report regularly to the Board/Consensus body on meeting prescribed deadlines to update the current body of work
- Work efforts shall be commissioned with sufficient lead times.
- Subcommittees and their chairpersons will identify and provide timely communications to the Board/consensus body when policies and procedures fail to address current requirements.
- Subcommittees will manage the status of the program of work assigned to them and augment procedures with further periodic reviews to identify and recommend withdrawal of unused or unneeded standards from the portfolio to facilitate focus on, and applying resources to, the standards most relevant to the payments infrastructure.

Improve processes for obtaining input from the financial industry into the standards development process

- Foster and create processes for obtaining industry input.
 - for example, formal presentations at Board meeting by industry leaders
 - develop a further public comment cycle or a more industry specific one
- Ensure that the Board and Subcommittees maintain a watch on business, legal, and regulatory that could influence standards development and adoption.
- Actively seek to engage financial industry representatives involvement as new members in subcommittee and work group efforts
 - for example, issue press releases on newly approved work items, inviting broader participation
- Identify and track constituencies and stakeholders impacted by standardization efforts to assure assessment of their needs and issues.
- Identify useful liaison relationships with other standards bodies to share knowledge and avoid duplication of work.

Establish priority timelines for managing the current body of work and confirm/manage timelines for approved new work efforts to support industry needs

- Subcommittee Chairpersons will report on work efforts in the pipeline, issues related to their development and their relevance to market direction, and stakeholder concern.
 - Implement processes that discipline standards development with the goal of producing relevant standards with improved time to market that define development stages, report progress against milestones, establish trigger points for management action and remove work efforts that are not moving forward.
 - Withdraw outdated standards and TRs, so committees can focus on new or supported work efforts.
- Identify X9 work efforts that could facilitate straight through processing.
- Become more proactive in domestic adoption of ISO TC68 standards.
 - Develop a directional statement and roadmap regarding global XML interoperability and harmonization with payments standards that reflect global architectural directions such as ISO 20022.
- Determine where the development of business process standards (referred to as Management System Standards) would be useful and prioritize such work efforts.

Facilitate an internal understanding of X9's development portfolio across subcommittees and articulate key aspects of the Plan to the financial community

- Develop formal documentation within each Subcommittee describing the inter-relationship of current DSTUs, standards and TRs in the Subcommittee's portfolio and identify opportunities for augmenting the inter-relationships.
- Create a holistic view of X9's work for the financial industry and identify ways to improve its relevance. Communicate these directions to the industry.
- Assess where Information Security can be woven into the fabric of other Subcommittee's work efforts.
- Initiate Management System Standards (MSS) that will connect gaps between existing standards and articulate the options and issues associated with industry deployment.
- Incorporate standards, (where beneficial, and in a manner consistent with X9 or ISO policies and procedures meeting all legal requirements) developed by other organizations to augment gaps in X9's body of work.

Attachment One

X9 Background

Mission

X9's mission is to develop, establish, publish, maintain, and promote standards for the global financial services industry in order to facilitate delivery of financial products and services.

Business Purpose

To accomplish its mission, X9 will

- be the magnet for industry experts to come together to build financial industry standards, avoiding duplication
- provide an authoritative source for all financial services standards supporting the financial services industry
- develop and promote the development and use of financial services standards for the banking and financial services industries,
- actively support, participate in, vote on and adopt financial industry the international financial services standards of ISO TC68,
- facilitate open standards development based upon financial services industry consensus,

Corporate Values

A foundation of corporate values underpins X9's strategic objectives and the way it conducts its business. The corporate values of X9 are to:

- maintain an open, consensus-based development process based upon its own procedures (and ANSI Essential Requirements) for standardization in financial services industry in order to serve its members and maintain its ANSI accreditation,
- act in the best interests of the US financial services industry while at the same time maintain a strong global orientation, with significant emphasis on the voice and needs of other national agendas,
- effectively execute standards development in accordance with the needs of the X9 membership and the needs of the financial services industry,
- maintain technology awareness, with keen perspective on the intersection of technology maturity, user adoption, and requirements for financial services standardization,
- understand where technology products, and business processes are on the maturity and adoption curve, and engage in standardization efforts accordingly and
- be cognizant of current regulatory issues where new domestic standards may be beneficial to aid the financial services industry in compliance.

Attachment Two

Financial Industry Market Trends and Challenges

Market changes have generated a greater need for interoperability among investment banking, corporate banking, retail banking, debit/credit card and insurance, which are for the most part invisible to the end user today. For example, brokerages now sell traditional banking services, while banks routinely offer investment services and mortgages and insurance products. Life insurers face a mounting challenge from mutual fund specialists and securities firms. In addition, a host of outsiders, from auto-makers to supermarket chains, are all seeking their slice of the financial services pie.

At the same time, advances in technology have allowed the financial industry to increasingly make greater use of packaged applications and security solutions, and to rely more heavily on outsourcing. This has served to blur the distinction between Information Technology (IT) Service Providers and Financial Institutions and the differences between the standardization activities from the two bodies, and causing re-examination of the need for a number of financial industry-specific standards. The expansion of the role of the IT Service Providers has led to a proliferation of ad hoc standards groups targeted at specific financial application areas as the various IT Service Providers strive for differentiation on their ability to lead in the development of market-dominant standards.

Faced with these challenges, the financial services industry should be encouraged to *standardize* as a way to simplify and reduce interface and interoperability costs, and to open new market opportunities that present themselves from new technology and business process innovation. Financial firms also want to add channels to the customer and launch new services quickly and with high quality and differentiated market/customer value. Integration and automation remain in focus, with the goal of delivering the right service and information to the right customers at the right time. And they want to protect their investment in legacy technologies that can prove to have a favorable return on investment, while simplifying the complexities of the systems they sometimes inherit.

In addition to these challenges and opportunities, the following trends continue to shape the landscape of the financial services industry:

- Mergers and acquisitions will continue to drive industry and infrastructure consolidation,
- There is increasing focus on global business and global economy needs.
- There is an increased role in service providers off shore in the development and delivery of financial services.

- Commercially-available, packaged software and outsourcing solutions for the financial services industry are being chased up the value chain by open-source. Open source is now considered as part of any development process.
- New, internet-based business models are being developed and tested in the marketplace which threaten traditional middlemen for electronic communication,
- Customers increasingly demand real-time financial services.
- Competition for financial products and services focuses more on the way financial services are offered rather than the service itself.

Consumer and business payment preferences and practices continue to shift; changing the relevance of aspects of our portfolio of American National standards (ANS), Draft Standards for Trial Use (DSTUs) and Technical Reports (TR).

Attachment Three

X9's Principles

This section provides a succinct statement of X9's principles. It aligns closely with the principles articulated in ANSI's 2005 United States Standards Strategy.

- ◆ Transparency
 - Essential information regarding standardization is accessible to all interested parties
- ◆ Openness
 - Participation is open to all interested parties
- ◆ Impartiality
 - No one dominates the process or is favored over another
- ◆ Effectiveness and Relevance
 - Standards are relevant and effectively respond to regulatory and market needs, as well as scientific and technological developments.
- ◆ Consensus
 - Decisions are reached through consensus among those participating and through formalized voting
- ◆ Performance-based
 - Standards are performance based (specifying essential characteristics rather than detailed designs) where possible.
- ◆ Coherence driven
 - The process encourages coherence to avoid overlapping and conflicting standards.
- ◆ Due Process
 - Standards development is in line with due process and consistent with its own and ANSI Essential Requirements so that all views are considered and appeals are possible.
- ◆ Technical assistance
 - Assistance is offered in the formulation and application of standards.
- ◆ Flexible
 - Allows the use of different methodologies to meet the needs of different technology and product sectors
- ◆ Timely
 - Purely administrative matters do not result in a failure to meet industry needs at the time they need them.
- ◆ Balanced
 - Stakeholder assessments are conducted in the due course of standards development

Attachment Four

Excerpts from ANSI NSS Section V: Moving Forward¹

Contribute to addressing ANSI National Standards Direction

Improve the standards process within the U.S. to address customer needs for coherence

...guard against duplication of efforts with industry efforts where it does not add value.

Standards developers should work together to eliminate areas of redundancy, making the process more efficient as well as more coherent;

Improve the responsiveness of the standards system to the views and needs of consumer (banks/financial services/users of standards) interests

The representation of consumer interests in standardization is important because standards are increasingly used to define parameters of products and services critical to consumers. The US standards system needs to continue to pay attention to consumers and make sure that their voices not only can be heard, but are heard.

Standards developers should review consumer participation in their committees, determine if there is appropriate representation, and develop plans to address the results.

Broaden the U.S. standards umbrella to include all those organizations that are contributing to the standards system

Standards in the US are developed by a variety of organizations ranging from those accredited by ANSI to special purpose industry consortia. This diversity is welcomed the U.S. sees no need to force everyone into a single mold, and applauds the benefits that result. The U.S. process will be further strengthened when the talents of all these organizations are directed toward common objectives. As newer organizations develop their specifications, their work becomes the basis for action by the formal process when that adds value. Further linkages between these different types of organizations can therefore result in better standards.

Standards developers should review their own operations¹ to see if alternative processes such as those provided by leading U.S. standards developers to

¹ The following few pages with blue headings were derived from ANSI's 2005 United States Standards Strategy and modified to better align with X9's roles.

support non-traditional standards groups would further strengthen standardization in their sectors;

Work to improve processes internationally to more closely reflect our principles and vision

The U.S. recognizes that not all international standards development reflects the ideals embodied in X9 principles and visions. Our objective, therefore, is for each part of the U.S. system to strive toward better implementation of those principles and visions and to work toward similar improvements where we participate outside the U.S.

Tactical initiatives include:

Increase presence and leadership of US standards developers in international standards setting bodies, and better coordinate that participation between US standards bodies

Work to harmonize the use of standards worldwide as a tool for meeting regulatory requirements

For products, processes and services having an impact beyond the U.S., we seek at most one globally applied standard and one globally accepted test with conformity assessment processes appropriate to the needs of the parties.

Tactical initiatives include:

Increase presence and leadership of US standards developers in International standards setting bodies, and better coordinate that participation between US standards bodies

Improve the standards process within the U.S. to address customer needs for efficiency

While the sectoral approach does provide maximum flexibility, it can develop inefficiencies. All parties in the U.S. standards process should continue to improve.

Standards developers should use standards distribution systems that meet the needs of today's customers, establishing, for example, cost-effective mechanisms such as alerting systems and flexible licensing agreements so that both small and large organizations can take better advantage of electronic availability.

Improve communications between various public and private elements of the U.S. standards system

A system with many partners can sometimes suffer from communications lapses. All participants in the U.S. should strive to improve both internal and external communications using advanced technologies.

Tactical initiatives include:

Standards developers should establish information dissemination mechanisms for interested parties outside their direct membership;

Make the value of standards development both apparent and real by educating public and private sector decision-makers about the value of standards and how to take advantage of the process

It is clear that management in both the public and private sectors are not sufficiently aware of the benefits of external standardization, or their current reliance on voluntary consensus standards, even when they are vigorously implementing standardization programs in their internal operations. An organized education process will provide broader participation, more effective participants, and higher quality standards.

Standards developers should develop education programs for their sectors to acquaint management and technical personnel in industry and government on the benefits of standardization.