

Proposal: 1625 Potential FR Actions to Support Interbank Settlement of Faster Payments

Description:

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Comment ID: 133118

From: First Resource Bank, John Freitas

Proposal: 1625 Potential FR Actions to Support Interbank Settlement of Faster Payments

Subject: OP-1625 -Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments

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Comments:

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RE: Request for Comment and Questions:

3. If the Reserve Banks develop a 24x7x365 RTGS settlement service,

f. Regarding auxiliary services or other service options,

ii. Are fraud prevention services that provide tools to detect fraudulent transfers needed for a 24x7x365 RTGS settlement service? How should such tools be provided? Who should provide them?

As payments become faster, the risk of loss to a customer (or bank on the customer's behalf) increases significantly. As technologies develop for banks, they also develop for thieves. Once an evildoer gets access to someone's account, faster payments means that the can move money out fraudulently, and then continue to move it quickly through a series of consecutive payments. Rules for who holds the liability for any of these loses would have to be developed as well as ways to identify and stop these type of payments as quickly as they can happen. This would be an industry-wide burden and should be provided as part of the faster payments initiative, not as a separate tool that needs to be purchased from a third-party.

John Freitas

Vice President of Operations

Office:

610.561.6028[tel:610.561.6028]

Fax:

610.561.6039[fax:610.561.6039]

Email:

JFreitas@firstresourcebank .com

www.FirstResourceBank.com

Mailing Address: P.O. Box 652, Exton, PA 19341

Corporate Office: 1 East Uwchlan Avenue, Suite 410, Exton PA 19341

Exton Branch Office: 800 N. Pottstown Pike, Exton, PA 19341 (610) 363-9400

West Chester Branch Office: 844 Paoli Pike, West Chester, PA 19380 (610) 235-4700

?COMING SOON in 2019: Wayne Branch Office: 321 Lancaster Ave, Wayne, PA 19087