

VIA EMAIL to regscomments@federalreserve.com

December 4, 2018

Ann Misback, Secretary
Board of Governors of the Federal Reserve System

Re: Docket No. OP-1625
Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments, Request for Comments

On behalf of the EPCOR Board of Directors, members and staff, thank you for the opportunity to provide input on the Federal Reserve's potential actions to support interbank settlement of faster payments by developing a real-time gross settlement (RTGS) service and/or a liquidity management tool.

EPCOR is a not-for-profit payments association providing electronic payments and risk management education, support and national industry representation to U.S. financial institutions. EPCOR members include over 2,000 banks, credit unions, thrifts and affiliated organizations located throughout the central United States.

EPCOR members support the Federal Reserve maintaining an active role in providing settlement mechanisms and payment services and believe an RTGS service is the appropriate strategic foundation for interbank settlement of faster payments. A real-time gross settlement service does not need to be limited to real-time payments—an RTGS service could also benefit other retail payment systems.

EPCOR members perceive the Federal Reserve as a trusted partner that plays a vital role in providing access to payment services for community banks and credit unions, as well as fostering competition and innovation in the financial services industry. Therefore, while members support the RTGS service in and of itself, members also expressed they would like the Federal Reserve to operate a real time clearing and settlement service. A faster payments service operated by the Federal Reserve would provide community financial institutions access to faster payments provided by an established partner, opportunities to deliver faster payment products to their accountholders and the ability to compete with larger financial institutions and nonbank providers. A Federal Reserve Bank faster payment clearing and settlement service would also bolster the resiliency of the U.S. payment system in times of financial crisis.

The membership urges the Federal Reserve to act swiftly and decisively to develop a real time clearing and settlement service—time to market is essential since every day that passes is another step towards disintermediation for community financial institutions.

Regarding the liquidity management tool, EPCOR members perceive this as a valuable tool that could help with faster payments settlement account management during non-traditional business hours, particularly if it facilitated automated liquidity management. Additionally, a liquidity management tool could deliver benefits to financial institutions even if the Federal Reserve does not create a real-time clearing and settlement service.

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Members consider interoperability an essential attribute of any faster payments service developed by the Federal Reserve and critical to the goal of safe, secure and ubiquitous faster payments. True interoperability is more than simply transmitting payments between operators and should include consideration of messaging, speed and other important features. Real-time fraud detection and prevention services are also crucial for successful adoption and use by members and their accountholders. Directory services have demonstrated value in the marketplace today and will continue to do so in the future. The Federal Reserve could play a key role in a real time fraud prevention solution or directory services for faster payments through continued efforts to convene industry participants to work together toward collaboration, interoperability and utilizing common technical standards.

Thank you again for the opportunity to comment on these potential actions to support interbank clearing and settlement of faster payments.

Sincerely,

A handwritten signature in black ink that reads "Ann-Marie Bartels". The signature is written in a cursive style with a large, stylized initial "A" and a long horizontal flourish extending to the right.

Ann-Marie Bartels
CEO