
November 19, 2004

Ms. Jennifer J. Johnson
Secretary
Board of Directors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Dear Ms. Johnson:

This letter is in response to the Federal Reserve Board's Request for Comment regarding the proposed changes to Regulation E. As a member of the retail community who has used RCK to clear consumers' returned checks since 1998 and a past member of NACHA's Electronic Check Council, I am encouraged that the FRB is seeking to taking a more active leadership role in this arena.

It is my experience that merchants and the consumers we serve desire a faster, more cost-effective means of processing check payments at the point-of-purchase. NACHA regulations requiring consumer signatures for each point-of-purchase check truncation transaction as well as for the electronic debiting of returned check service fees adversely affects the consumer/merchant relationship as well as lengthening checkout times, resulting in additional merchant costs. The current NACHA regulations are unnecessarily restrictive, particularly in light of the growth of electronic consumer payments, such as phone and Internet purchases that do not require a signature. Additionally, more and more consumers are used to a no signature environment when purchasing goods and services at gas stations, convenience stores and other retail outlets with "Pay at the Pump" credit and debit purchases, RFID key fobs, and Biometrics. It is logical to simply carry these same ease of purchase practices to the check environment. Simple and visible POP notification is quite sufficient to allow check-writing consumers to understand how their checks may be processed and the ramifications of check electronification (reduced clearing times).

Additionally, I believe that the banks themselves must play an active role in educating consumers regarding the variety of check-clearing possibilities now available in the marketplace (POP, ARC, RCK, Check 21). This can easily be accomplished by banks as they are already informing their customers about check imaging and that their paper checks may not be returned to them.

In the quickly evolving world of consumer payment options, I would like to call upon the FRB to take a significantly more active role in reducing the restrictions imposed by NACHA on ACH payments. By doing so, the FRB will be allowing for a more cost-effective and more efficient means of payment processing. This will allow merchants to maintain lower pricing resulting in an overall societal benefit.

Thank you for the opportunity to comment on this proposal. Please feel free to call me at 401-770-2853 should you wish to further discuss my comments.

Sincerely,

Peter D. Nash