

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

Description:

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Comment ID: 133009

From: Titus R. Pierce

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:

NONCONFIDENTIAL // EXTERNAL

The Proposed Changes to the EFTA of 1978 known publicly as REGULATION E or Reg E has SEVERE IMPLICATIONS to a Regulation that IS NOT BROKEN; Therefore it does not need to be fixed. My Deepest Concern, SPEED of the transaction and an IRREVOCABLE PAYMENT. Just two vignettes. Vignette 1) Connie Commerce has the Red Platinum DEBIT CARD with \$300,000 in a checking account, the Client Commerce, goes to Pottery Barn seeking a \$110,000 dollar garage door. She handed the clerk her card ready for a \$110,000 DEBIT CARD PURCHASE. Bill Commerce calls, Home Depot has the garage door on sale for \$60,000 flat. Saving the Commerce Family \$50,000. Connie DID NOT PROCEED with the Pottery Barn order, but the Clerk Ran her car ANYWAY. In this vignette, the Client Connie and Bill Commerce incur \$170,000 in payment's on their statement. TODAY. Connie & Bill would Complete a Regulation E Affidavit and upon investigation Completion a return of the EFT Item of \$110,000 bucks. Under the proposed payment's change; \$110,000 would be LOST-SUNK-GHOST, GONE- IRREVOCABLE. Vignette 2) Bob Hootenanny has a Black card from Capital One. Bob goes to Buy a \$300,000 home ENTIRELY on the black card. He hands the Credit Card to the Pulte Homes Salesman. The salesman says Mr. Hootenanny, you have a 3 day right of rescison period to decide if you want to TOTALLY PURCHASE this home. Pulte homes hands Bob Hootenanny a receipt for \$308,650 the home price & sales tax. Mrs Hootenanny returns the next morning from Goetenburg Sweden, She HATES THE HOME and refuses to live in it. Bob overturned his BLACK CARD from Capital One Credit Cards for \$308,650 and CANCELLED THE TRANSACTION. Under the Current rules, the transaction would be reversed. Under the proposed rules, the IRREVOCABLE PAYMENT SUNK \$308,650 (LOSS) to the FI. This is a situation where, TIME is of NO CONSEQUENCE, THE EFT OF 1978, The Electronic Funds Transfer Act of 1978 is GERMAINE AND OPTIMAL; there is NO CAUSATION to offer an IRREVOCABLE data packet in any form, credit product or debit product. We as Enterprise Risk Managers must speak up. This could have UNREASONABLE FINANCIAL HARM passed down to an already fickle retail point of sale Consumer. Titus