

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

Description:

Comment ID: 133150

From: Quicken Inc., Eric Dunn

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

Comments:

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To whom it may concern:

I am responding to the request for comment on the Federal Reserve's two potential actions (see below) to (1.) develop a service for real-time interbank settlement and (2.) create a liquidity management tool. I am strongly in favor of (1.) and do not have an opinion on (2.).

I have worked in financial and payments technology for most of my 35 year career, including leadership roles in the areas of consumer billpay, bill presentment, P2P payments, invoice payments and merchant card acceptance. During the last few years of my 20-year career at Intuit, I was responsible for Intuit's small business payments division, which processed \$30B of card payments and \$10B of ACH payments per year. I have also been an investor and/or a board member in a large number of fin-tech companies working in the payments domain including WePay, PayCycle, and PaySimple, to name just a few.

Based on my experience as an operating executive, investor, and board member in the payments industry, I strongly endorse "the development of a service for real-time interbank settlement of faster payments...". The absence of these capabilities is a major hindrance to innovation in financial technology and is a competitive disadvantage for the US economy as compared with other modern economies (UK, China) which have this capability. In particular, although the current ACH system has excellent ubiquity and is low-cost, the non-real-time nature of ACH (even with same-day processing) seriously handicaps it in a number of important use cases. At the same time, card-based payments have excellent real-time capabilities but their cost structure makes them a poor choice for other important use cases such as business invoice payments. A Fed-operated real-time interbank payment system could effectively address these gaps and open up major opportunities for commercial partners to innovate and improve the efficiency of payments-centric products and services.

Eric Dunn

CEO

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The Federal Reserve Board of Governors published a Federal Register Notice outlining two potential actions to further support the development of faster payments in the United States:

1. the development of a service for real-time interbank settlement of faster payments 24 hours a day, seven days a week, 365 days a year (24x7x365); and
2. the creation of a liquidity management tool that would enable transfers between Federal Reserve accounts on a 24x7x365 basis to support services for real-time interbank settlement of faster payments.