

December 14, 2018

Ann Misback
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

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

Dear Chairman Powell, Members of the Board, and Board Secretary Misback:

The Cities for Financial Empowerment Fund (CFE Fund) thanks the Board for the opportunity to provide comments on the need for new infrastructure that can enable ubiquitous, nationwide access to safe and efficient faster payments.

The CFE Fund is a national non-profit organization that works with almost 70 local governments to help them implement large-scale, systemic financial empowerment programs and policies for their residents including financial counseling, asset building, access to safe and affordable banking accounts, and consumer financial protection.

Through a combination of extensive technical assistance and funding, the CFE Fund leads the nation's Bank On national initiative, which supports approximately 75 local coalitions across the country in their efforts to connect the millions of people still outside of the financial mainstream. Together with local governments, community organizations, financial institutions large and small, regulators, researchers, and advocates these coalitions are keenly aware of the array of barriers and pain points that prevent those that are currently unbanked and underbanked from successfully engaging or reengaging in the mainstream banking system.

Our collective experience and research strongly underscores that the lack of a real time payment and settlement system is one of the most significant of such barriers. We know that payment system delays:

- Strongly and disproportionately discourages those with low and often sporadic incomes from using mainstream accounts as the fastest way to access their wages, also exacerbating critical trust issues for those who question a financial institution's reliability for making funds accessible;
- Perversely incentivizes those outside of the system to use costly and unproductive check cashing services in order to gain instantaneous access to

their funds, and an opportunity cost to financial institutions from the loss of potential customers; and

- Negatively affect the ability of people with volatile income to manage their bill payments in a timely and accurate way, often occasioning late payment fees and negative credit reporting, or unaffordable overdraft charges.

A seemingly-simple list of three, these reasons loom large in this country's difficulty engaging and stabilizing the millions of people struggling outside of the financial mainstream. On behalf of all of those people, and the vast network of those trying to connect them, the CFE Fund thanks the Federal Reserve Board for exploring all relevant actions towards a modern faster payment system.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Mintz', with a large, sweeping flourish extending to the right.

Jonathan Mintz, CEO
Cities for Financial Empowerment Fund