



December 12, 2018

Via real-time electronic submission

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
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Re: Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments, Docket No. OP – 1625

Amazon appreciates the opportunity to respond to the Federal Reserve System Board of Governors request for input on potential Federal Reserve actions to promote ubiquitous, safe, and efficient faster payments in the United States by facilitating real-time interbank settlement of faster payments.¹ Amazon strongly supports the Federal Reserve’s proposal to develop a 24x7x365 real-time gross settlement (RTGS) service.²

Amazon strives to be Earth’s most customer-centric company. We are focused on driving a better customer experience through wide selection, low prices, and convenience by connecting millions of diverse customers and sellers worldwide. We provide trusted payment experiences and financial products that empower anyone to engage with Amazon from anywhere. Moving money efficiently and securely is a critical part of managing our business and driving positive customer and seller experiences on Amazon. The development of an improved U.S. payments infrastructure, including real-time payments service options, is critical to supporting business operations, as well as enabling innovative digital payment experiences that provide value and convenience to our customers.

Real-time payments and funds availability for businesses and consumers are important to ensuring U.S. global competitiveness in financial services. A faster payments system will enable companies to drive an enhanced customer experience, improve customer response management, and better manage payments to employees and marketplace sellers. We are supportive of the Federal Reserve’s proposed modernization effort because it will provide an efficient means to move money faster and more securely. We also strongly encourage the Federal Reserve to develop tools, such as technology-flexible application programming interfaces (APIs), for enabling secure and affordable access to RTGS services to ensure multiple stakeholders – including financial technology companies – are able to utilize the improved payments infrastructure to develop innovative products and services for businesses and consumers.

The existing U.S. payments infrastructure was developed with brick and mortar retail and banking models in mind. With the growth in digital commerce, it is important for financial services technology and infrastructure to keep pace with business and consumer expectations. While industry has made some strides toward faster payments,³ the United States has not kept pace with the global emergence and

¹ Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments, 83 Fed. Reg. 57351 (November 15, 2018).

² Amazon is also a signatory of comments provided by [Financial Innovation Now](#) – an alliance of technology leaders supporting the Federal Reserve’s development of a real-time gross settlement network and innovative features associated with accessibility to real-time payments services.

³ “First new core payments system in the U.S. in more than 40 years initiates first live payments.” The Clearing House. November 2017. Reference: <https://www.theclearinghouse.org/payment-systems/articles/2017/11/20171114-rtp-first-new-core-payments-system>

adoption of real-time payment services indicating the need for additional parties to develop real-time payment solutions to complement private industry efforts. Given the urgent need and growing demand for real-time payment options, we urge the Board to move expeditiously to develop a RTGS payment service.

A real-time payments network with 24x7x365 availability is critical to 1) improving efficiency in the United States payments infrastructure, 2) reducing payment risk, and 3) ensuring more reliable consumer access to funds.

- 1) A Federal Reserve RTGS payment service will promote efficiency in real-time payment services because it will expand provider options for parties interested in accessing real-time payment services. Expansion of real-time payments services is also important to ensuring a long-term alternative to existing high-cost credit and debit card services for consumer-to-business payments. Furthermore, real-time payment services will replace the inefficient and outdated interbank payment settlement windows that have failed to keep pace with 21st century business and consumer needs.
- 2) 24x7x365 funds availability and settlement is critical to mitigating systemic risk associated with moving money in the financial services system. Having multiple providers of RTGS services, including a trusted provider in the Federal Reserve, is an important long-term investment in our nation's financial infrastructure and security.
- 3) 24x7x365 funds availability helps limit the risk of unavailable funds in both business-to-business and consumer-to-business payments enabling faster, more efficient supply chain purchases, and enabling innovation around customer purchasing models. A RTGS system can also facilitate real-time customer funds availability on returns or refunds for customer purchases made utilizing the real-time network service giving consumers more predictable and immediate access to their income, which in turn, empowers customers with more transparency, flexibility, and choice in how they pay.

In addition to developing RTGS capabilities, ensuring all stakeholders have the option to access and utilize real-time payments infrastructure is a key feature to enabling the adoption of real-time payment services in the United States. A recent example of broad accessibility is the open access infrastructure developed for faster payments in Australia.⁴ Long-term U.S. development and adoption of a similar accessibility model will encourage the creation of more innovative products and services for American consumers. The Federal Reserve can serve an important role in developing interoperability and accessibility tools, such service directories and application programming interfaces (APIs), through which various stakeholders can gain secure and efficient access to RTGS services. Much like Open Banking in the European Union⁵ is creating a set of technical standards and application interfaces that will support open

⁴ Launched in February 2018, the New Payments Platform (NPP) is open access infrastructure for fast payments in Australia. The NPP was developed via industry collaboration to enable households, businesses and government agencies to make simply addressed payments, with near real-time funds availability to the recipient, on a 24/7 basis. Each payment message is capable of carrying much richer remittance information than other systems (for instance the 18 characters currently available for Direct Entry payments). The NPP infrastructure supports the independent development of 'overlay' services to offer innovative payment services to end-users. Reference: <https://www.rba.gov.au/payments-and-infrastructure/new-payments-platform/>

⁵ "The term "Open Banking" generally refers to the way in which Banks can expose data and services via interfaces (generally APIs) to service providers or third parties who act on behalf of the customer who owns the account. Open Banking in Europe is being pushed by the European Commission as part of a digital agenda to open up services, provide choice and competition, and allow innovation." Reference: <https://www.openbankingeurope.eu/who-we-are/>

innovation, including faster payments, we believe the Federal Reserve's direct involvement in real-time payments and the supporting infrastructure should result in greater openness and access to funds. This will result in more services and quality experiences for consumers and businesses.

The Federal Reserve's involvement in the development of faster payment services will also likely encourage the adoption of system participation rules, technical specifications, and connections that are both more nimble and interoperable with global solutions than existing faster payment options available in the United States today. Development and adoption of International Standards Organization (ISO)⁶ messaging formats for real-time payment services is important to long-term efficiency and interoperability of real-time payments services in the United States. Additionally, direct involvement from the Federal Reserve in real time payment services can help ensure equal stakeholder transparency to error resolution issues. As real-time payment services develop, it is critical that all stakeholders have insight into system errors, as well as input into developing process rules, technical specifications, and liability parameters to ensure errors can be quickly and efficiently resolved. We believe the Federal Reserve's involvement in real-time payment services can serve as a baseline for best-in-class error resolution pathways that will lead to improved processes for stakeholders participating in public and private real-time payment service options, which will ultimately lead to social benefits for all stakeholders, including consumers of real-time payment services.

In order to meet evolving consumer demands and expectations for digital commerce innovation, it is critical the United States develop improved and accessible payments infrastructure. The Federal Reserve's development of RTGS services is a necessary part of this infrastructure improvement and will serve as a strong complement to private industry efforts to help ensure widespread availability and adoption of real-time payments in the United States in the coming years.

Amazon applauds the Board for its commitment to serving all U.S. consumers with a modern payments infrastructure and we look forward to continuing to work with you to achieve the Federal Reserve Board goal of ubiquitous real-time payments in the United States by 2020.

Please let us know if we can provide any additional feedback or information as the Board moves forward with this important decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Huseman". The signature is fluid and cursive, with a large initial "B" and "H".

Brian Huseman
Vice President, Public Policy

⁶ International Standards Organization: <https://www.iso.org/home.html>