

November 1, 2019

VIA Electronic Submission

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
regs.comments@federalreserve.gov

Re: Docket No.: OP—1670

RE: Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments,
Request for Comments

Dear Ms. Misback:

On behalf of the EPCOR Board of Directors, members and staff, thank you for the opportunity to provide input on the Federal Reserve's development of FedNowSM, a real-time gross settlement system and service for financial institutions.

EPCOR, a not-for-profit trade association providing advocacy for approximately 2,000-member community banks and credit unions in 12 states, supports the Federal Reserve's decision to develop FedNowSM to realize the benefits of ubiquitous faster payments. EPCOR members believe a real-time payment system and service operated by the Federal Reserve is critical for community banks and credit unions to compete with larger financial institutions and fintech companies. Having the Federal Reserve as an Operator of a real-time payments network provides the foundation and familiarity from which community banks and credit unions can develop products and services to satisfy current and future expectations for faster business and consumer payments.

Members of EPCOR desire the Federal Reserve to act more quickly to develop FedNowSM, even if that means bringing FedNowSM to market before all its features, notably Request for Payment messages, are fully operational. EPCOR members express concern about the proposed FedNowSM development and implementation timeline and its projected capabilities. Many voiced apprehensions that the anticipated launch date of 2023 or 2024

will place them at a disadvantage based on competitive solutions already available today in the marketplace. The private sector operator already has connections to several large financial institutions, and it continues its efforts to achieve ubiquitous faster payments utilizing core system relationships. EPCOR members also prefer FedNowSM have dollar limits equal to those of the private sector operator; if the private sector operator has higher limits than FedNowSM, community financial institutions may be at a competitive market disadvantage.

Members continue to view interoperability an essential attribute of any service developed by the Federal Reserve and critical to the goal of safe, secure and ubiquitous faster payments. EPCOR members acknowledge the challenges of achieving interoperability but urge the Federal Reserve to maintain its efforts to convene industry participants to work together toward collaboration and common technical standards.

As the Federal Reserve develops FedNowSM, considerations should be made to include a robust fraud detection system that assists financial institutions in their fraud mitigation efforts. As payments continue to move faster, it will be prudent for the industry to continue to refine fraud detection tools that protect financial institutions and end-users of payment networks, regardless of the channel used.

Lastly, the Federal Reserve should advocate for a payments directory service for the industry. While directory services are available today, there is a need for a federated directory service that can be used by all payments system operators to ensure payments are securely routed based on end-user requirements and payment tokenization utilized.

In closing, EPCOR would like to thank you again for the opportunity to comment on the proposed development and implementation of FedNowSM.

Sincerely,



Jennifer Kirk, VP Education

Cc: Susan Doyle
Ann-Marie Bartels