



**Greg D. Carmichael**  
Chairman, President & CEO

December 14, 2018

*Via Electronic Submission*

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

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

Dear Ms. Misback,

Fifth Third Bancorp<sup>1</sup> (“Fifth Third”) appreciates the opportunity to provide comments to the Board of Governors of the Federal Reserve System (“Board”) in response to its request for comment (“the Proposal”) regarding potential actions that the Federal Reserve System could take to promote ubiquitous, safe, fast, and efficient payments in the United States. As one of the top-7 ranked banks in check and ACH processing, we understand the need for—and support the Board’s goal to promote—faster, safe, ubiquitous payments that can be made 24 hours a day, seven days a week, 365 days a year (“24x7x365”) in the United States. The Board’s efforts to bring industry together as part of the Faster Payment Task Force is laudable and the goal of creating a faster payment system by 2020 is now reality with the creation of the RTP Network, which provides a system for making faster payments on a 24x7x365 basis.

The RTP Network is a private sector solution fulfilling the vision of the Faster Payment Task Force to bring real-time payments to the United States. The RTP Network, which The Clearing House (“TCH”) owns and operates, was launched in 2017 to meet the demands of the modern digital economy and deliver payments on a 24x7x365 basis within the United States. As one of the owners of TCH and an institution dedicated to its customers, Fifth Third has a direct interest in the success of the RTP Network. Because of this, we encourage and support Board efforts to facilitate faster payments rather than freeze and fragment the market, which could delay for consumers the benefits of real-time payments.

The Board’s Proposal states it is aware that the introduction of another faster payment network system could “disrupt the existing faster payment market . . . and lower the prospects for ubiquitous faster payments in the United States[.]” Fifth Third appreciates the Board’s recognition that the introduction of another network, regardless of its operator, can result in practical problems that undermine the entire system. For example, a competing network that is not interoperable with the RTP Network creates real and challenging problems for banks and the marketplace. Full interoperability requires networks in which

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<sup>1</sup> Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. The Bancorp has \$141.7 billion in assets and offers financial services through its wholly-owned subsidiary Fifth Third Bank operating 1,152 full-service banking centers and 2,443 Fifth Third branded ATMs in ten states throughout the Midwest and Southeastern United States. Additional information about Fifth Third can be found at [www.53.com](http://www.53.com).

settlement and clearing are simultaneous and functionally inseparable and can exchange payments without settling the payments twice. It also means creating and maintaining an environment that ensures on-going functional parity as the systems evolve over time. Otherwise, without full interoperability, the United States will face a fragmented market that fails to provide ubiquitous and efficient faster payments for consumers. Such an outcome is undesirable and must be avoided by ensuring that if new networks are ever created they will be interoperable with existing services and protocols.

Additionally, the U.S. Department of Justice's Antitrust Division has reviewed the RTP Network and issued a Business Review Letter on September 21, 2017. This letter stated that the Department did not intend to challenge the stand-up of the RTP Network and that the development of the RTP Network "may yield procompetitive benefits." These benefits include the elimination of settlement risk in payments due to the real-time settlement mechanism in the RTP Network. The Department concludes in its review that the RTP Network could "create a payment rail that facilitates real-time fund-transfer services for end users and reduces banks' and payment service providers' risks to those services." Further, the Department added that the RTP Network may "increase the variety of payment rails available to banks, payment service providers, and ultimate their end user customers." The Business Review Letter concluded that there is a lack of current evidence that the RTP Network would likely have anticompetitive effects and that there is a "likelihood of procompetitive benefits."

Despite these statements from the Department on the procompetitive nature of the RTP Network, the Proposal states that it "may be difficult for the private sector to create an infrastructure that, on its own, could provide equitable access to enough banks to achieve ubiquity." The Department's review of the RTP Network and proposed rules for the RTP Network would support the opposite conclusion, referencing the benefits such a system would provide to all participants—in addition to finding no anticompetitive barriers to participation in the RTP Network. As such, the Board should recognize the procompetitive benefits of the RTP Network and work to ensure any efforts to undertake adoption of an additional payments rail focus on seamless interoperability with the RTP Network.

Thank you for the opportunity to provide comments to the Board on this important matter. Fifth Third appreciates the Board's leadership in supporting private sector to develop faster payments solutions in the United States, and encourages the Board to promote policies that avoid disrupting the existing faster payments market while fostering innovation.

Sincerely,



Greg D. Carmichael  
Chairman, President, and CEO  
Fifth Third Bancorp