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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

We welcome the opportunity to provide feedback in response to the Federal Reserve's proposed actions to support interbank settlements for faster payments. At West River Ventures, we have advised and invested in technology companies across sectors, and were privileged to be a part of the Faster Payments Taskforce at its inception.

We wish to emphasize that services based on real-time gross settlement (RTGS) will have an immense impact on lower income segments of the population by alleviating daily cash flow challenges. While several newer payment apps currently offer real-time clearing and ledger adjustments within their closed systems, consumers must still wait up to a day or more to access these funds through their bank accounts. These relatively slow settlement processes disproportionately impact consumers with little or no credit and thin financial buffers.

Beyond the market imperative, from the perspective of nonbanks and other potential new players in the ecosystem, there are additional reasons to move interbank settlement services towards RTGS:

1. RTGS services, by standardizing liquidity and risk management approaches among participants, will lower entry barriers as compared to the existing deferred net settlement services (DNS) framework. For example, currently, payment card networks and wire operators employ different approaches that lead to more complexity in risk management.
2. Messaging toward clearing as well as settlement instructions may be handled as part of a single transaction. This enables a simpler architectural / technical implementation which we believe could enable improved scalability, efficiency and manageability over the long run.
3. Nonbank entities, and new entrants more generally, will benefit from the reduced risk of liquidity surprises afforded by a RTGS approach.

Several of the auxiliary services being considered, in particular alias databases and fraud detection services, are probably best provided by the growing number of best-in-class 3rd parties. An open and interoperable system will ensure no single player has an outsized impact while enabling consumers to reap the benefits of the latest advances private technology providers have to offer. This approach does not preclude the Federal Reserve's participation in providing such services.

Finally, the heightened need for resiliency in a RTGS regime relative to DNS can be addressed in designing the underlying infrastructure with appropriate redundancies according to best practices in deploying commercial systems with similarly stringent requirements.

Chike Eleazu

A handwritten signature in black ink, appearing to read "Chike Eleazu", with a stylized flourish underneath.

Founder & Principal,
West River Ventures