

1. Is RTGS the appropriate strategic foundation for interbank settlement of faster payments?

Why or why not?

Interbank settlement should be the strategic foundation for domestic and international RTGS faster payments for domestic for (P2P) Person-to-Person, C2MT (C2MT) Consumer-to-Money Transfer), C2B (Consumer-to-Business), B2B (Business-to-Business), B2C (Business-to-Consumer), (G2C) Government-to-Consumer.

The demand will be from small banks, medium banks, regional banks, large banks, and non-financial service providers and anywhere bank payments, state government (banks), or the federal (bank) government, and non-financial service providers is needed to be made in real-time.

For (P2P) payments, a person can transfer funds for any reason to another customer via a phone number or email address with the customer having to register their account using their phone number or email address with their bank and account number. The payment where upon payment initiation and receipt, the receiver acknowledges the payment and the payment is complete. These payments aren't currently charged but should be.

For (C2MT) payments, a person can transfer funds via a phone number or email address which is tied to the account, such as a money transfer to a destination within the United States. These payments must be setup by the bank with the beneficiary, bank and/or location pre-established. These payments must be agreed upon by the Money Transfer provider and can be charged by a banker or a non-financial service provider, thus giving the banker or non-financial service providers incentive to embark upon the desire to develop the service.

For (C2B) payments, a person can transfer funds via a phone number or email address which is tied to the account, such as a bill payment or a retail business. These payments must be agreed upon by the biller and retailer and can be charged by a banker or a non-financial service provider, thus giving the banker or non-financial service providers incentive to embark upon the desire to develop the service. To rapidly increase volume, shifts may move from debit cards / credit cards to faster payments.

For (B2B) payments, a business can transfer funds to other businesses, such as late payments or one-time payments, a business can transfer funds to consumers via a phone number or email address which is tied to the account, such as real estate escrow payments, and must be agreed upon by brokers and buyers and can be charged by bankers or a non-financial service provider, thus giving the banker or non-financial service providers incentive to embark upon the desire to develop the service.

For (B2C) payments, a business can transfer funds to consumers via a phone number or email address which is tied to the account, such as returns for goods. These payments must be agreed upon by the business's bank and the consumer's bank and can be charged by bankers or non-financial service providers, thus giving the banker or non-financial service provider incentive to embark upon the desire to develop the service.

For (G2C) payments, a government can transfer funds to consumers via a phone number or email address which is tied to the account, such as social security adjustments. These payments must be routed from the

government's bank account to the consumer's account and can be charged by bankers or non-financial service providers, thus giving the banker or non-financial service providers incentive to embark upon the desire to develop the service.

The above transactions are a few examples of many that can gain traction for the Real Time Gross Settlement foundation for interbank settlement of faster payments.

2. Should the Reserve Banks develop a 24x7x365 RTGS settlement service?

The Federal Reserve Bank should develop a 24x7x365 RTGS settlement service.

Why or why not?

My experience with others have observed over four decades the outstanding work of the professionals at the Federal Reserve Bank.

The network operators of the Federal Reserve Bank of San Francisco and New York in the 1980s when the Wells Fargo Wire Transfer System - Fedwire Funds Service kept terminating, which the Federal Reserve Bank were very patient and kept allowing extensions. The group were given tours of the Federal Reserve Bank's San Francisco complex, including the cash vault. The Federal Reserve Bank's operation centers consolidated twelve data centers into one, with one backup, and have conducted regular business resumption tests with frequent business resumption tests for each bank conducting live business resumption processing for banks, including one BankServ bank in New York Tower Two due to the 9/11 bombing in 2001.

At BankServ, now Finastra, was audited by a Federal Reserve auditor who non-objected for the service allowing BankServ to gain access to the Federal Reserve network who enabled BankServ the first application service provider servicing multiple banks throughout the United States. The Federal Reserve Bank provided exemplary support with BankServ's application service bureau during tenure. The Federal Reserve Bank provided great support with the Fed Payments Improvement project. All in, the Federal Reserve Bank is a great service!

3. If the Reserve Banks develop a 24x7x365 RTGS settlement service,

a. Will there be sufficient demand for faster payments in the United States in the next ten years to support the development of a 24x7x365 RTGS settlement service?

There will be sufficient demand. However, rapid demand must be influenced by marketing funds by banks or other entities of specific projects.

What will be the sources of demand?

Consumers are the primary sources of demand. There are more consumers, thus more transactions of specific projects by specific banks. Consumer initiated bill payments of all banks and projects are the initial sources of demand and consumer-initiated business payments of all banks, and non-financial service providers and projects.

Consumer initiated money transfers throughout the United States is a new idea will also increase payment demand. Sending money from an account in California to an account in New York, or to cash at a retail location in New York would be beneficial. These transactions will occur at all banks and non-financial service providers and projects.

Businesses are the secondary sources of demand, although significant. Business payments are smaller volume, unless the Federal Reserve Bank can achieve a solution that includes handling remittance data which is beyond the scope of this project. These transactions will occur at all banks and non-financial service providers and projects.

What types of transactions are most likely to generate demand for faster payments?

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P2P transactions already have gained traction in this space. Though no banks have reaped the financial benefit, the technology is proven. The technology is proven, the usefulness is yet to be determined. In the order of priority given my lack of engagement with other experts, C2B, C2MT, B2B, B2C, G2C, P2P (unless you can figure out how to charge consumers, and Cross Border transactions which I've ignored (unless you negate the OFAC licensing issue).

How should such a database be provided to best facilitate nationwide adoption?

Multiple databases backed-up in real-time across the nation are required to facilitate cross-referencing with account data.

Who should provide this service?

Large banks with access to their own data. Small and medium sized banks may not have the staff, given the 24/7/365 access, may contract to an association of bankers, or a service bureau, or to-be-determined.

ii. Are fraud prevention services that provide tools to detect fraudulent transfers needed for a 24x7x365 RTGS settlement service?

Tools to detect fraud are needed.

Who should provide them?

Each interested bank should discuss the tools required and who should provide them. It depends on the liability and who owns the fraud.

iii. How important are these auxiliary services for adoption of faster payment settlement services by the financial services industry?

The auxiliary services for adoption of faster payment settlement services are very important.

How important are other service options such as transaction limits for risk management and offsetting mechanisms to conserve liquidity?

Transaction limits, risk management and offsetting mechanisms are very important.

At the account level, account managers must be cognizant of the owner of the account, their behavior, financial situation and family.

For business owners, they must be cognizant of the owners of their account(s), their board, financials, minutes, and balances.

Are there other auxiliary services or service options that are needed for the settlement service to be adopted?

I'm not aware of auxiliary services or service options that are needed for the settlement service to be adopted. I'll research.

g. How critical is interoperability between RTGS services for faster payments to achieving ubiquity?

I believe interoperability between RTGS services for faster payments to achieve ubiquity is very critical.

h. Could a 24x7x365 RTGS settlement service be used for purposes other than interbank settlement of retail faster payments?

The 24x7x365 RTGS settlement service for interbank settlement of retail faster payments can be used for other purposes.

If so, for what other purposes could the service be used?

Other purposes include liquidity management, interoperability, accounting processes, and payment routing.

Should its use be restricted and, if so, how?

i. Are there specific areas, such as liquidity management, interoperability, accounting processes, or payment routing, for which stakeholders believe the Board should establish joint Federal Reserve and industry teams to identify approaches for implementation of a 24x7x365 RTGS settlement service?

Each of the areas listed, liquidity management, interoperability, accounting processes, and payment routing should be established by the Federal Reserve Board for implementation of a 24x7x365 settlement service. The Fed Payments Improvement project brought forth many sound public ideas, but none have garnered much traction. One has gained some worth, yet the product is with the largest banks gaining the largest number of consumers with the most money. We need a public / private product to minimize price to provide true ubiquity to the public.

4. Should the Federal Reserve develop a liquidity management tool that would enable transfers between Federal Reserve accounts on a 24x7x365 basis to support services for real-time interbank settlement of faster payments, whether those services are provided by the private sector or the Reserve Banks? Why or why not?

The Federal Reserve should provide a liquidity management tool that would enable transfers between Federal Reserve accounts on a 24x7x365 basis to support services for real-time

interbank settlement of faster payments, whether those services are provided by the private sector or the Reserve Banks to enable those banks to ensure funds are adequate.

5. If the Reserve Banks develop a liquidity management tool,

a. What type of tool would be preferable and why?

- i. **A tool that requires a bank to originate a transfer from one account to another**

The bank tool is preferable due to undeniability.

- ii. **A tool that allows an agent to originate a transfer on behalf of one or more banks**

iii. A tool that allows an automatic transfer of balances (or “sweep”) based on pre-established thresholds and limits

- iv. **A combination of the above**

A combination of the above.

- v. **An alternative approach**

b. Would a liquidity management tool need to be available 24x7x365, or alternatively, during certain defined hours on weekends and holidays?

The liquidity management tool would need to be available 24x7x365.

During what hours should a liquidity management tool be available?

c. Could a liquidity management tool be used for purposes other than to support real-time settlement of retail faster payments?

If so, for what other purposes could the tool be used?

Should its use be restricted and, if so, how?

The liquidity management tool would need to be available 24x7x365.

6. Should a 24x7x365 RTGS settlement service and liquidity management tool be developed in tandem or should the Federal Reserve pursue only one, or neither, of these initiatives?

The liquidity management tool should be developed in tandem by the Federal Reserve.

Why?

We need to rapidly develop the solution.

7. If the Federal Reserve pursues one or both of these actions, do they help achieve ubiquitous,

nationwide access to safe and efficient faster payments in the long run?

We need to rapidly develop the solution to achieve ubiquitous solution in the long run.

If so, which of the potential actions, or both, and in what ways?

What other approaches, not explicitly considered in this notice, might help achieve the broader goals of ubiquitous, nationwide access to faster payments in the United States?

I'll consider.

9. Beyond the provision of payment and settlement services, are there other actions, under its existing authority, the Federal Reserve should consider that might help its broader goals with respect to the U.S. payment system?

I'll consider.