

Proposal: 1625 Potential FR Actions to Support Interbank Settlement of Faster Payments

Description:

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From: BOC Bank, Ethan Peterson

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Subject: OP-1625 -Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments

Comments:

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Good morning,

I am writing to suggest changes to the instant payment system at the FED. I believe this is a right minded and much needed solution for the market. With the technology available instant payments must be a priority for the FED to implement. The blockchain and similar instant trading initiatives are putting pressure on the banking industry and we must compete to mitigate the risks inherent to doing nothing. Zelle and similar instant payment services are an unnecessary third party and overpriced for smaller banks to join. A centralized instant payment solution would benefit all institutions, businesses and consumers. If banks are required to send money using current antiquated systems they are going to be out of business and unable to compete with unregulated tech companies. Same day ACH was a major step in the right direction but instant payment needs to be next on the agenda.

While exploring the instant payment services between banks the Fed should explore this for everyday consumer payments as well. Debit and credit cards like Visa are also an unnecessary third party. They stand in the middle between banks and the consumers and clip heavy fees for processing transactions. The Fed should create a mobile wallet solution that allows consumers to make instant money transfers for their everyday purchases. The mobile wallet solution would eliminate many unnecessary third parties and make the payment system in the U.S. more efficient. For example, a simple debit card transaction can go through Visa, Apple, and Star just to get to the bank. Not to mention an ACH sent through the FED to get the money to the bank. An instant payment system would allow you to essentially skip three third parties and just deal with the business and consumer. This would benefit everyone in the long run.

Thank you for allowing us to offer suggestions. It is an important next step for banks in the US and a critical one if the smaller banks are going to stay competitive in the ever-changing market.

Please note my new email and website.

Ethan Peterson

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