

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

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Comments:

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Your comment:On behalf of First National Bank of Omaha, thank you for the opportunity to provide input on the FRB's proposed initiative to facilitate real-time interbank settlement of faster payments. Such payments are valued for the conveniences they provide for both consumers and businesses due to the inherent flexibility associated with managing and moving money any time of the day or night. First National fully supports the FRB's proposed real time interbank settlement initiative. As a trusted partner to financial institutions, First National believes that the FRB is well positioned to develop a real time payments infrastructure that will provide a competitive and secure solution for community banks. Such a solution would encourage more community bank investment and participation into supporting value-added real time payments for consumers and businesses. Such a solution would also allow community banks to better compete against non-bank providers who are using innovative technologies to deliver faster payments.

In a global economy, the ability to move money between people and businesses, and on a global scale is critical if banks are to compete effectively. Fast payment services are rapidly becoming an expectation for many consumers and businesses. Banks unable to provide such services will likely be at a significant competitive disadvantage. It would be beyond many banks to develop their own fast payment solution, therefore an FRB led solution would be highly desirable.

From a risk management perspective, it is important that any fast payment solution include effective mechanisms to ensure proper, accurate and timely movement of money. Therefore effective, real time anti-fraud mechanisms would be required, as would the appropriate settlement systems that can accurately route payments to people based not only on bank routing and account information but also email and other personally identifiable information. Such systems must be interoperable with existing directories that house similar information. The FRB is well positioned to encourage fast payment solution providers to work together towards this interoperability via the development of applicable, common technical standards. Messaging functionality should also be included to ensure that all parties to a transaction are aware of the status of that transaction.

A real-time interbank settlement system could also be used to support other payment services such as ACH and wire transfers, or transfers between Federal Reserve accounts during non-business hours.

Such a system would be especially valuable in facilitating liquidity management.

Thank you for this opportunity to comment on the proposed action to develop real-time interbank settlement of faster payments; First National fully supports this initiative.