

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

Description:

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From: Jones National Bank and Trust Company, Max Wake

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

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

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Comments:

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Proposal:Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments [OP-1625]

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Your comment:I believe the Federal Reserve should play a role in Faster Payments Settlement. The Federal Reserve already has connections with all financial institutions and processors. It is currently providing payment service to more than 11,000 financial institutions across the U.S. and is the only provider of interbank settlement functions for every financial institution. This reflects a benefit to all participants in the payment system by limiting monopolistic and/or quasi-closed network systems that inhibit the ubiquity of faster payments. So, while the private sector has the ability to implement faster payments solutions, its role as gatekeeper may prove more limiting to achieving the goals of the Faster Payments Initiative. Moreover, a private sector led solution may result in more barriers to the ubiquity of access and interoperability of systems for the marketplace.

Further, community banks currently have no meaningful role in rule-making, pricing, and interoperability determinations. This lack of diversity and transparency will degrade both the payments industry and the public's confidence in it. The market needs real choice and the Federal Reserve's involvement will evoke confidence in the system, as seen in countries that have adopted faster payments that show generally increasing consumer acceptance. U.S. consumers would reasonably be expected to respond to such a system.