

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

Description:

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Comment ID: 133352

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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:

Date: Dec 14, 2018

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

Document ID: OP-1625

Revision: 1

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Your comment: The payments network is an ever evolving field in which speed of settlement is at the forefront. The payments system is in desperate need of renovation to keep up with the private sector offerings and development. However, security of these transactions must remain as the number one goal while proceeding with advancement. Equality will also need to be at the forefront of this developing faster payments network. Since the Federal Reserve is already connected to and offers existing service relationships with financial institutions across the country, there is a strong benefit from expanding that relationship as opposed to financial institutions being forced to create new relationships with a new private sector vendor that may not be as in touch with current and future regulation changes. Cost would be an additional benefit for financial institutions with a current relationship with the Federal Reserve. The Federal Reserve becoming a player in the faster payments world would allow for better pricing and customer service as it would bring competition to the developing private sector operator. The Federal Reserve would be able to create a ubiquitous, safe, and fair system that would allow for more transparency within the new "real-time" payment rail. Only having a single option to participate in that rail would leave smaller financial institutions at the mercy of the larger financial institutions that currently govern the private sector operator.