



Ann Misback  
Secretary, Board of Governors  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Sent electronically to [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)  
Re: Docket No. OP-1625

December 11, 2018

Dear Ms. Misback:

On behalf of Veridian Credit Union, we want to express our appreciation for allowing us the opportunity to comment on the Federal Reserve System's call for feedback on Real-time Interbank Settlement.

This development of a system, where there is efficient settlement and ubiquitous payments, will align with the speed of the transaction as driving the foundation for the payment rail. As evidenced with Same Day ACH, the trend and demand for faster payments is on the rise.

#### **Federal Reserve Role & Infrastructure**

Veridian Credit Union believes that RTGS is the appropriate strategic foundation for interbank settlement of faster payments because there is a governing body over this framework and allows for community banking by establishing the infrastructure that facilitates the framework for this network.

Veridian Credit Union feels strongly that the Fed should support a 24/7/365 RTGS settlement service. For community banks and credit unions, this type of system would mean equal and fair access to real time payments and provides a level playing field for all financials.

To ensure unbiased and neutral ground, the Fed must provide this service to prevent faster payments being concentrated through a single service provider and provides choice through technology options.

Veridian Credit Union believes that the demand has been evidenced and is definitely there. With the Millennial generation today and reduction in fraudulent transactions, it is a desirable payment rail. In addition, the demand for interbank settlement is already there today and this would provide an ideal platform for P2P, B2B and cross border transfers, as well. Paying suppliers will be a strong case for businesses to use the real time payments and vendor payments will be the top use case.

P.O. Box 6000  
1827 Ansborough Ave.  
Waterloo, IA 50704-6000  
800.235.3228  
[veridiancu.org](http://veridiancu.org)



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## Auxiliary Services

Veridian Credit Union encourages the Federal Reserve to implement certain auxiliary services in order to provide financial institutions and end users with a safe and effective system for faster payments. First, Veridian Credit Union would like to see the Federal Reserve incorporate some type of directory that would allow payments to be routed using an alias for the consumer to reduce potential privacy concerns when sending and receiving funds. If a directory system is used, the Federal Reserve should consider an alias or other naming system that still allows for settlement clarity in an environment where consumers have multiple accounts at different financial institutions. Veridian Credit Union would also like to see enhanced fraud monitoring capabilities implemented for the faster payments network. This could include a shared database of known fraudulent accounts, automated fraud detection tools, or transaction limits to mitigate risk to financial institutions and end users.

## Implementation Timeline

The industry shows that those financials and businesses interested want it now. Realistically, 12 months would not give financials, vendors, businesses, and software vendors enough time for implementation. A period of 18-24 months would enable the ubiquitous payment system to be successfully channeled across the network.

Faster settlement implementation would hasten the adoption. In order for a commitment to be made on the financial side, the faster payment has to go hand in hand with the real time settlement and prevent the two-phase conversion process.

In closing, Veridian Credit Union appreciates the effort the Federal Reserve has put forth in ensuring we are moving the payments industry forward in establishing a faster payments network.

Sincerely,

A handwritten signature in black ink that reads "Kelly J. Mangrich". The signature is fluid and cursive, with the first name being the most prominent.

Kelly J. Mangrich  
Vice President of Payment Systems  
Veridian Credit Union  
319-236-5667  
[kellyjm@veridiantcu.org](mailto:kellyjm@veridiantcu.org)

P.O. Box 6000  
1827 Ansborough Ave.  
Waterloo, IA 50704-6000  
800.235.3228  
[veridiantcu.org](http://veridiantcu.org)



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