



December 14, 2018

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

***Re: Docket No. OP-1625***

Dear Ms. Misback:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to comment on the Federal Reserve Board's (Board) potential actions related to developing a service for faster payments. PCUA is a state-wide advocacy organization that represents a majority of the nearly 400 credit unions located in the Commonwealth of Pennsylvania.

We applaud the Board's efforts to find a solution for providing a universal, safe, and efficient faster payment system in the United States. Credit unions are typically smaller in asset size and membership than their banking counterparts, and therefore, welcome a faster payment solution that would potentially be available to all financial institutions, regardless of their size.

We surveyed our credit unions and received responses from credit unions ranging in asset size from \$175 million to over \$2 billion. All of the credit unions responded that there will be a demand for a faster payment solution. As a matter of public policy, a faster payments system benefits consumers and businesses. This is consistent with the structure of credit unions. Credit unions are member-owned, financial cooperatives. As such, they emphasize the member experience and members' service. Naturally, credit unions would support systems and solutions that will improve their member's experience.

Faster payments will benefit both consumers and businesses and our credit unions were supportive of the Board taking the initiative to find a solution. Many financial institutions are not set up to handle real-time gross settlement services, and many payment applications still occur in "batch" mode and have to be initiated by one party or the other. Evidence of this has been the slow adoption of "Same Day ACH." For a faster payments system to work, the interoperability of financial institutions within the infrastructure framework will need to be more uniform. One of our credit unions suggested that the Board should look to the demand for remote deposit capture

services as an indicator for the need and demand for a real-time settlement service. There are currently fintech companies offering different types of services that provide consumers and businesses with faster payments. Depending on how long it may take for this solution to come to market, there may be a challenge in getting consumers and businesses to switch to a new system; therefore, we do believe that time is of the essence.

The majority of our credit unions responded that an auxiliary service such as fraud prevention would be welcome and might be necessary. Faster payments will most likely introduce different types of fraud into the market and the opportunity to discover the fraud in a timely manner will be more difficult. With the potential of payments moving in real-time, the potential for fraud is great.

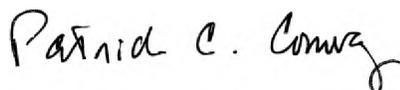
Our credit unions unanimously agreed that there will be additional costs associated with providing a real-time, faster payment solution. Those increased costs would most likely be in the form of additional staff, training for staff, and higher processing costs. In addition, education will be key for credit union members on how to use a faster payment system and the changes in the payment system compared to what is available today. The majority of our credit unions commented that there was not sufficient detailed information in the Board's notice to identify what staffing and operational costs would be incurred. As the Board develops more detailed information about the service, another comment period would be welcome.

The majority of our credit unions agreed that access to the liquidity management tool would be helpful. The tool would need to be available 24x7x365 and the tool could potentially be used to assist with other types of transfers. Most of our credit unions anticipate a staffing cost with the tool, but recognize the importance of utilizing a tool like this.

## **Conclusion**

Despite some reservation that the comment period may be premature to the outstanding questions to address payment needs, PCUA and its member credit unions encourage the Federal Reserve to continue developing a real-time gross settlement service. Consumers and businesses are demanding faster payments and the Federal Reserve is in the best position to provide a ubiquitous, safe and efficient system.

With best regards,



President & CEO

cc: PCUA Board  
PCUA Government Relations Committee  
PCUA Regulatory Review Committee