

Proposal: 1664 - Potential Modifications to National Settlement Service Support of Same-Day ACH Service

Description:

Comment ID: 134312

From: Food Marketing Institute, Hannah Walker

Proposal: 1664 - Potential Modifications to National Settlement Service Support of Same-Day ACH Service

Subject: Potential Modifications to the Federal Reserve Banks' National Settlement Service and Fedwire Funds

Comments:

Date:Jul 15, 2019

Proposal:Potential Modifications to the Federal Reserve Banks' National Settlement Service and Fedwire® Funds Service to Support Enhancements to the Same-Day ACH Service and Corresponding Changes to the Federal Reserve Policy on Payment System Risk [OP-1664]

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Your comment:Food Marketing Institute (FMI) appreciates the opportunity to comment on the Federal Reserve System's proposed modifications to the Federal Reserve Banks' National Settlement Service and Fedwire Funds Service hours of operations in order to support a third Automated Clearing House (ACH) same-day settlement window. FMI supports the proposal and encourages the Reserve Banks to implement these changes quickly.

FMI proudly advocates on behalf of the food retail industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org.

In 2015, FMI submitted comments to the National Automated Clearing House Association (NACHA) proposed "Same Day ACH - Moving Payments Faster" in support of new same day ACH clearing windows. At the time, FMI requested more windows arguing that increasing clearing and settlement windows reduces liquidity and credit risks and promotes universal confidence in the ACH product. We expressed our desire to have six settlement windows throughout the day and into the evening. We continue to stand by our position and firmly believe a third window at a minimum is a step in the right direction to keep pace with commerce.

FMI members operate in all fifty states and many operate twenty-four hours a day, seven days a week. A third and later settlement window creates new opportunities, particularly for our operators on the west coast to batch and settle transactions more frequently to reflect their business hours.

FMI appreciates the opportunity to comment on this proposal and supports the Federal Reserve Bank's proposal to extend operating hours in order to accommodate a third ACH settlement window. We look forward to continuing to work with the Bank to bring our payments and settlement system up to the speed and reliability our global competitors currently enjoy.