



December 14, 2018

Board of Governors of the Federal Reserve System
ATTN: Ann Misback, Secretary
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments, Request for Comments, [OP-1625]

Dear Ms. Misback:

On behalf of Digital Federal Credit Union (DCU), thank you for the opportunity to submit comments relating to the Federal Reserve's Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments, Request for Comments, 12 CFR Chapter II, Docket No. OP-1625 (OP-1625).

We are in favor of the Federal Reserve providing a robust and secure solution to support a ubiquitous Faster Payment system. At DCU, we strive to provide our more than 700,000 members with the most efficient solutions allowing them 24/7 online and mobile banking access to their accounts and money movement systems.

In today's world, payments appear to be 'faster' to the consumer for certain transactions, although the settlement portion is not fully completed until the 2nd or 3rd business day, which allows room for the discovery of potential erroneous and fraudulent transactions to be found. Consumers are expecting financial institutions to implement solutions to move monies to and/or from places faster and securely. Financial Institutions will need to reevaluate 'know your customer' intelligence rules, appropriate fraud/risk profile settings, etc., while providing a frictionless process for the consumer, including various channels of education and awareness to consumers on the understanding of the changes ahead.

The OP-1625, and the overall changes for a Faster Payments system, raises numerous operational and administrative considerations for the industry. To that end, the Federal Reserve will need to consider, but should not be limited to, the following when incorporating an interbank settlement of faster payments messaging platform:

- Real-time processing of transactions; 24x7x365; including weekends and holidays
 - There is consumer demand for a real-time gross settlement (RTGS) service throughout the financial industry and, as such, this system should be developed as soon as possible. In several trade group meetings, the overwhelming want is to have this live by 2020 or shortly thereafter.
- System access through the Fedline channels available 24x7x365
 - This system must be ubiquitous for all receiving institutions on implementation day and offer a robust service to all participants.
- Real-time fraud prevention and monitoring alert services are needed
 - While RTGS may be considered less risky throughout the industry due in part that they are credit push systems, there must be fraud detection and prevention tools built into





the solution. This is especially important in light of security breaches that occur on a near-daily basis

- Proper training for all areas involved
 - We ask that there are Operating Rules and Guidelines that offer information on things such as operations, funds availability and dispute processes. In addition, we would request that there are Regulatory Guidelines to accompany any new payment channel in order to best determine which regulations apply.

DCU supports the development of a liquidity management tool to support 24x7x365 real-time settlement of faster payments offered by the private sector and/or the Federal Reserve Banks. In addition to supporting 24x7x365 settlement, this tool would assist financial institutions with liquidity management. To ensure this tool is economical and efficient, we encourage the Federal Reserve to consider the following:

- The Federal Reserve will need to increase operating hours, particularly for services, such as Fedwire Funds Service and National Settlement Service have hour limitations.
- The tool should be available to all systems, not just real-time gross settlement. There is opportunity for a liquidity management tool to also assist with ACH transaction settlement.
- Financial institutions should not be limited to one method of transferring funds and managing liquidity. DCU is in favor of allowing automatic transfer of balances based on pre-established thresholds and limits. We also believe, at a minimum, a financial institution should also be allowed to originate a transfer from one account to another and an agent should have the ability to originate a transfer on behalf of one or more financial institutions. These features should have certain permissions, thresholds and/or limits in place based on the financial institution's risk tolerance and controls.
- The tool should allow for flexibility and enable transfers between Federal Reserve accounts on a 24x7x365 basis regardless of whether those services are provided by the private sector or the Reserve Banks.
- The tool should identify liquidity trends to assist with forecasting and liquidity management.
- Extensive training should be available to financial institutions to ensure the tool is used to its full capacity.

Thank you for the opportunity to provide our comments in response to the Request. If you have any questions regarding our comments, please don't hesitate to call me at 508-804-9016 or email me at dgonthier@dcu.org.

Sincerely,

A handwritten signature in black ink that appears to read "Denise Gonthier".

Denise Gonthier

Electronic Services Manager
Digital Federal Credit Union
220 Donald Lynch Blvd
Marlborough, MA 01752

cc: Laurie LaChapelle, Senior Vice President Finance

