



Third Party Payment Processors Association
20 F Street NW, 7th Floor
Washington, DC 20001
(888) 662-0888

December 14, 2018

Via Electronic Submission

Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
regs.comments@federalreserve.gov

Re: Docket No. OP-1625

Dear Ms. Misback:

The Third Party Payment Processors Association (TPPPA) is grateful for the opportunity to submit this comment letter to the Board of Governors of the Federal Reserve System (the “Fed”) in response to the request for comment regarding potential Fed actions to support interbank settlement of faster payments (the “Request”).

The TPPPA is a membership association whose members include financial institutions, third-party payment processors, money transmitters and other organizations that participate in payment processing of all types (i.e. ACH, Check and Card.) The TPPPA is payment-channel agnostic and believes that any solution provided by the Fed should contribute to the efficiency and effectiveness of all payment types facilitating innovation and expanded choice to businesses and consumers alike. We believe that market forces should be the driver of innovation, allowing companies equal opportunity to innovate utilizing existing payment rails and infrastructure, as well as new ones, and that the Fed has a duty to give equal consideration to updating its own infrastructure to support both.

We are encouraged by the Fed’s consideration of 24x7x365 settlement services, and we firmly believe that the timing of Fed settlement services should not create a competitive disadvantage to financial institutions and businesses, and limit payment choices of consumers, merely due to the fact that they reside outside of the time zone in which the Fed settlement services reside.

Many of our members, their customers, (and customer's customers,) have not had the same opportunity to benefit from the advancement of payment services, such as Same Day ACH, for example, due to this time zone disparity.

Financial Institutions, payment processors, businesses and consumers alike, all have established practices that utilize traditional payment systems that settle on a net basis and expect that these payment systems will evolve in their effectiveness over time. These same entities have varying eagerness and/or ability to invest in infrastructure and/or education that is required to take advantage of new opportunities like real-time payments. Financial Institutions and businesses have extensive investment in infrastructure that utilizes the traditional batch payments that settle on a net settlement basis. This not only includes the initiation of payments, but also the critical function of reconciliation of payments. Additionally, collectively these systems allow the processing of both credit-push and debit pull-transactions, providing businesses and consumers with options to choose how they facilitate payments. The TPPPA believes that organizations and people that elect to use payment methods that utilize the National Settlement Service ("NSS") should be provided the same opportunity to leverage efficiencies of expanding the Fed settlement services.

In conclusion, the TPPPA applauds the Fed's efforts to support the advancement of real-time payments by providing 24x7x365 settlement services and we urge the Fed to continue its efforts to promote efficiencies in all of the payments systems by providing expanded settlement opportunities for payments that utilize the NSS. The latter would provide immediate efficiencies allowing organizations to leverage their investment in existing infrastructure to innovate and provide greater services and choice to both businesses and consumers.

Thank you for your consideration of this response.

Sincerely,

A handwritten signature in cursive script that reads "Marsha Jones".

Marsha Jones, AAP, APRP, CAMS
President
Third Party Payment Processors Association (TPPPA)
www.tpppa.org
mjones@tpppa.org
(602) 402-0416