

Proposal: 1670 - Federal Reserve Actions to Support Interbank Settlement of Faster Payments

Description:

Comment ID: 136107

From: BankORION, James R. Dingman

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Subject: Federal Reserve Actions to Support Interbank Settlement of Faster Payments

Comments:

NONCONFIDENTIAL // EXTERNAL

Date: November 1, 2019

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

Regarding: Notice and Request for Comments - Federal Reserve Actions to Support Interbank Settlement of Faster Payments; Docket No. 1670

Dear Ms. Misback:

Thanks to the Federal Reserve Board for its decision to develop a real-time gross settlement service which they are calling the FedNow Service. The Fed has and must continue to play a critical role in the nation's payments system as it does today alongside, and in support of, similar services offered by the private sector. The Fed's decision will help reduce concentrations in financial services, increase competition, lower costs, foster innovation, employ necessary checks and balances, and create a critically important redundancy (so there is no single point of failure) in the payments system in times of economic stress.

1. Timing for implementing the FedNow Service: We urge the Fed to implement the FedNow Service before 2023/24.
2. Interoperability (communications between payments systems (i.e., the FedNow Service and The Clearing House's (TCH's) Real-Time Payments Network (RTP). We urge the Fed to make interoperability a high priority.
3. Payments Directory: We urge the Fed to play an integral role in the Payments Directory.
4. Fraud Prevention Services: We urge the Fed to develop fraud mitigation standards, and develop an information data base (with an appropriate hold harmless for good-faith contributors) to provide community banks with "robust" capabilities to defeat fraudulent activity and prevent fraud losses.
5. Rules and Standards: We urge the Fed to look to the Faster Payments Council (FPC) for guidance in creating rules and standards for real-time payments similar to how NACHA fosters compatibility and integration for the Automated Clearing House.
6. The Fed's Role as Payments System Regulator: We urge the Fed to continue to exercise the necessary influence, particularly over TCH's owners and their RTP Network, to protect the payments system through the Reserve Bank's provision of payment and settlement services to banks.
7. Core Processors and Other Service Providers: We encourage the Fed to use its regulatory authority to ensure the core processors and other service providers do not disadvantage community banks in their access to real-time payments.

My thanks to the Fed for the opportunity to comment on this proposal. Feel free contact me should you have any questions.

James R. Dingman
Chairman | BankORION
P: (309) 526-8011
C: (309) 781-7477