

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

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

Comments:

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Your comment: To whom it may concern:

Please see North Shore Bank's comments below on the Federal Reserve Actions to Support Interbank Settlement of Faster Payments [OP-1670]

For interoperability between systems, North Shore Bank recommends that the Federal Reserve should make all efforts to become interoperable with private sector solutions offering similar services on its first day of operations. This will increase the attractiveness of both networks to end users, improve the efficiency of the payments system, and ultimately bolster the chances of success of FedNow. This will result in seamless internetwork payments contributing to a better customer experience.

For Chartered FI Access to FedNow, North Shore Bank recommends that the Federal Reserve should continue to offer access to all payment systems, including FedNow, only to qualified financial institutions that must comply with regulations covering capital requirements, deposit insurance, data privacy and other important safeguards for customers.

For the Implementation Timeline, North Shore Bank recommends that the Federal Reserve must do all it can to implement a faster payments solution in a shorter period of time. The Fed is behind at this point and needs to catch up if they want to be in the faster payments network.

For Enhanced Fedwire and Liquidity Management Tool, North Shore Bank recommends that the Federal Reserve should pursue improvements to Fedwire and the National Settlement Service by extending the hours of operation towards 24/7/365 as soon as possible for the improvement of the payments industry. This effort should begin immediately and not be tied to FedNow development. As part of improving Fedwire and the National Settlement Service, the Federal Reserve should work with core providers and community banks to help each bank gain automation efficiencies with faster moving payments.

For Master Accounts vs. FRB-NY Accounts, North Shore Bank recommends that the Federal Reserve should change its policy to allow funds held in the FRB-NY pooled account to fund real time payments to earn interest, count towards reserve requirements, and be eligible for daylight overdrafts.

For Managing Core Service Providers, North Shore Bank recommends that the Federal Reserve

should make a commitment to providing all system requirements and technical specifications far in advance of the implementation deadlines to allow for the core service providers to bring all of their customers online by the due date.

For the FedNow Equitable Pricing Model, North Shore Bank recommends that the Federal Reserve should commit to a flat pricing model, offering the same per item fees to financial institutions of all sizes.

For the Message Standard ISO 20022, North Shore Bank recommends that the Federal Reserve should commit to consistency with the ISO 20022 Real-Time Payments Group usage guidelines.

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