

From: Peter Purcell
Proposal: 1670 - Federal Reserve Actions to Support Interbank Settlement of Faster Payments
Subject: Federal Reserve Actions to Support Interbank Settlement of Faster Payments

Comments:

Date: Nov 05, 2019

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

Document ID: OP-1670

Revision: 1

First name: Peter

Middle initial: J

Last name: Purcell

Affiliation (if any):

Affiliation Type: ()

Address line 1:

Address line 2:

City:

State:

Zip:

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: I appreciate the opportunity to comment on the evolution of Faster Payments in the US. My thinking has been influenced by a long career in financial services including 22 years in the Federal Reserve System. However, the comments below are my own personal thoughts. They do not necessarily reflect the thinking of past colleagues or of the organizations I have led and served.

US PAYMENTS PLENARY REGULATOR

The Board notes that it does "not have plenary regulatory or supervisory authority over the U.S. payment system and instead has traditionally influenced retail payment markets through its role as an operator".

Should the US have a plenary regulator with supervisory authority over the U.S. payment system? How are US regulators considering any updates that might be required to dated payments regulations? Are there enough protections for small businesses? The growing interconnectedness of today's technology, the migration to real-time payments, and a growing movement to open-API access to financial accounts, has the potential to bring significant benefit. It can also, if bad actors compromise core payments services, enable significant and potentially systemic disruption.

In a future payments system that can instantly reach more than 11,000 institutions with real-time irrevocable results, an "influence" regulatory approach may not move quickly and effectively enough.

FRAUD MONITORING

The Federal Reserve should be commended for leading industry work to evolve fraud monitoring and prevention services. Will these services be made available to other faster payment providers or will they be exclusive to FedNow?

I would encourage the Federal Reserve to track data on which payment participant segment(s) bear the risk of loss and the dollar level of that risk for detected fraud. While individual PII should not be kept, it will be important to track whether the risk of loss shifts materially as the Federal Reserve and others introduce new real-time payment services.