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

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Comments:

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

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Your comment:Consumers are demanding faster payments. As an Industry, Banks need to be able to move data, documents and dollars in real time. The technology exists to facilitate this concept and I believe its important for the banking industry to "own" the movement of dollars, to protect the integrity of transactions. The Federal Reserve's real time payments networks will allow non-Clearing house members to compete. Consumers benefit from faster payments because it allows them to send and receive payments in real time, removing the lag that consumers and businesses experience today. The more banks that adopt a faster payments system, the more consumers and businesses that are served.

As the Federal Reserve develops its system, I encourage policymakers to prioritize the following features:

Interoperability - The system the Federal Reserve builds should work with the current Real Time Payments Network, so financial institutions can facilitate real-time payments among each other without regard to which network the institution is using.

Network Access - Direct access should be limited to depository institutions that are already held to strict legal requirements regarding data privacy, deposit insurance and capital requirements; the system should not be open to other non-depository providers that have less rigorous consumer protections.

Liquidity - Supporting real-time payments in a 24/7/365 environment requires liquidity support to make sure the money is available to move when the customer requests it day, night or weekend. The Federal Reserve has proposed several workable liquidity management solutions and they should be implemented right away.

Timing - Customer expectations about speed and convenience are changing rapidly. 2023 and 2024 are a long way off. The Federal Reserve should try to implement something as quickly as possible.

Facilitate Connectivity through the Core Providers - The Federal Reserve should provide all system requirements and technical specifications far in advance of implementation deadlines to allow the core service providers, which provide the backend systems for many community banks, to bring their customers online by the due date.

Pricing - There should be a flat pricing model offering same per item fees regardless of institution size.