



November 7, 2019

*Via real-time electronic submission*

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

*regs.comments@federalreserve.gov*

Re: Federal Reserve Decision to Support Interbank Settlement of Real-Time Payments, Docket No. OP-1670

As we previously noted in December 12, 2018 comments to the Federal Reserve Board of Governors [Docket No. OP-6025], Amazon strongly supports the decision of the Federal Reserve Bank to develop a new interbank 24x7x365 real-time gross settlement service with integrated clearing functionality to support faster payments in the United States. The Federal Reserve's direct involvement in the development and operation of a 24x7x365 real-time interbank gross settlement service is critical to the ubiquitous availability and adoption of real-time payment services in the United States, and Amazon appreciates the opportunity to provide input on the development of FedNow real-time payment services. Furthermore, Amazon supports continued improvements to existing Automated Clearing House (ACH) services, including expanded hours and clearing windows that more closely meet the needs of 24x7x365 global connected commerce.

Amazon strives to be Earth's most customer-centric company. We are focused on driving a better customer experience through wide selection, low prices, and convenience by connecting millions of diverse customers and selling partners worldwide. We provide trusted payment experiences and financial products that empower anyone to engage with Amazon from anywhere. Moving money efficiently and securely is a critical part of managing our business and driving positive customer and selling partner experiences on Amazon. The development of an improved U.S. payments infrastructure, including real-time payments service options, is critical to supporting faster delivery of goods and services and faster business operations, as well as enabling innovative digital payment experiences that provide value and convenience to our customers. Real-time payment services will result in faster and more reliable funds accessibility, and are a meaningful step toward financial empowerment for many small businesses and consumers.

For decades, the Federal Reserve has directly managed efficient and reliable ACH services in tandem with private industry, and the Federal Reserve's direct involvement in the evolution of these banking services to real-time payments technology is a natural extension of this role. FedWire ACH services have served U.S. payment stakeholders well for several years due to the efficiency of the system, the ubiquitous financial institution access and adoption, and the reliability of the Federal Reserve as a trusted provider in times of financial and domestic turmoil.

The Federal Reserve's direct involvement in real-time payments is critical to ensuring the same, if not greater, levels of efficiency, security, and ubiquity for real-time payment services in the United States. Having multiple real-time payment networks will preserve optionality and reliability of services, and it will incentivize financial institution providers of interbank settlement to diversify their payment

offerings and innovate to provide improved products and services for their business customers and end users.

Real-time payments, along with improved clearing windows for existing ACH services, will lead to more efficient business-to-business payments, including more seamless supplier purchasing and vendor payments, which will free up capital more quickly for small businesses. Real-time payments also have the potential to reduce payment errors if services are instituted with an efficient framework that has sound standards and controls to identify sender and receiver accounts. Full stakeholder adoption of various business-to-business and consumer-to-business payment use cases will be largely dependent on the features of FedNow and other real-time payment services.

Broad participation by financial institutions in the FedNow service is critical to its success, and we strongly encourage the Federal Reserve to develop - on its own or in conjunction with external stakeholders - interoperability between its own service and other real-time payment services. Interoperability will reduce barriers to financial institution participation and achieve broader optionality and redundancy for all system stakeholders. Furthermore, it will help reduce the risk of end-user funds availability variance and differing payment experiences based on an account holder's bank. As a non-bank provider, we want to ensure small bank and credit union account holders are able to have the same payment experience as all other parties who transact through Amazon business or consumer channels.

Overall, we believe stakeholder and customer trust in the FedNow service is critical to long-term, ubiquitous adoption of the service, and we encourage the Federal Reserve to consider the below system features during the development of FedNow. Additionally, as FedNow matures, we encourage the Federal Reserve to consistently reassess increasing transaction limits within the system.

The primary system features we encourage the Federal Reserve to consider are as follows:

1. **Credit Push Payments & Transaction Scenarios:** We see value in the Federal Reserve's decision to pursue a credit "push" payment for real-time services that settle interbank obligations through debit and credit entries. If consumer-to-business payments are a priority, we encourage FedNow to focus on solutions to manage existing consumer payment acceptance processes that are built for a "pull" model. For example, recurring billing and delayed shipment scenarios are two payment process changes that need to be considered when moving from a "pull" to a "push" model. We also believe the "Request for Payment Service" would be a good long-term addition to the FedNow functionality.
2. **Payment Message & Global Open Standards:** In the long-term, we believe it is important for the FedNow service to develop a payment message format that is aligned with International Organization of Standardization (ISO) payment messaging standards and technical specifications. We also encourage FedNow to contemplate how non-payment data points, such as an invoice number or a rewards or membership status, could be transmitted safely and securely between parties alongside the payment.
3. **Liability Framework:** Customer trust in this system is critical to adoption by payment stakeholders and their end users. The opportunity to greatly improve U.S. payment security through secure digital exchange of data is tremendous. We strongly encourage the Federal Reserve to develop FedNow operating rules that include a balanced liability framework and strong consumer protections. Such a framework should incentivize data protection, hold all

parties appropriately accountable, and ensure the safety and reliability of the network. A trusted liability framework also drives business predictability; for example, by setting guidelines and requirements for multi-stakeholder business processes, such as exception resolution timeframes.

4. **Payment Origination/Receipt:** Another key component to driving customer trust and adoption of this system is to ensure payment requests are originating from trusted parties. We believe it is critical for the Federal Reserve to consider tools and processes to manage trust throughout the system. For example, limiting a supplier or customer re-direct away from a website transaction could be a process or a best practice for the FedNow service. This process could be facilitated through interbank settlement and/or direct customer access to a real-time payment network.
5. **Directory Service:** We believe a directory service may drive adoption of FedNow, and we would encourage FedNow to further explore providing this service option directly. It is critical that any directory service be managed by a trusted provider who has an ability to reconcile the accuracy of the information (e.g., email or phone number) linked to a financial account.

Amazon thanks the Board for its commitment to serving all U.S. consumers with a modern payments infrastructure, and we look forward to continuing to work with you to achieve the Federal Reserve Board goal of ubiquitous real-time payments in the United States in the near future. We strongly support the Federal Reserve's development of the FedNow real-time payment service as a critical option for managing 24x7x365 connected commerce payments.

Please let us know if we can provide any additional feedback or information as the Board moves forward with the development of real-time payments services.

Sincerely,



Brian Huseman  
Vice President, Public Policy