

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

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Comment ID: 137042

From: Zions Bancorporation, Shaun Hegsted

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Comments:

NONCONFIDENTIAL // EXTERNAL

Ms. Misback,

Thank you for the opportunity to opine on the proposed interbank real-time gross settlement service, FedNow. Zions Bancorporation, N.A., is supportive of the Federal Reserve's endeavor to develop and support a new interbank 24x7x365 real-time gross settlement service with integrated clearing functionality to support faster payments. The three areas of most concern to Zions are:

- \* Interoperability with other real-time payment networks: Interoperability between operators will simplify operations for all participating FI's, reducing payment friction and reduce participant FI's time to market. In addition, interoperability will generate stability, healthy competition, and safety in business continuity.

- \* Fed supported directory or a centralized link to a private-sector directory to support public identifiers: Garnering agreement of industry stakeholders regarding implementation of a standard centralized directory for public identifiers will increase accuracy of payment routing. We understand that a directory will be difficult to implement manage, and that its success is highly dependent on all financial institutions implementing and using consistently.

- \* Fraud mitigation features to identify and restrict potentially fraudulent transactions prior to clearing and settlement: At the Operator level anomalies in originated volumes, dollar and/or number of payments, is easier to detect than at the individual FI level. Adding fraud monitoring, the ability to suspend and report (alert on) potential fraud, and the ability to delegated decisioning during non-business hours is critical to the Service. Faster clearing and settlement should not equate to exponentially higher risk to the participating FI's or their customers; adding the ability to customize reports and automate fraud controls will result in higher customer confidence in the real-time payment network.

All three of these features/functionality should be day-one requirements to ensure FedNow can compete and/or lead the market in this space.

Zions Bancorporation, N.A. is a member of WesPay and has representation on Board and the Payments Advisory Council. WesPay has provided a detailed response to this Docket request for comment that provides further detail on the concerns we have stated above.

Also, we appreciate the Federal Reserve investing time with us in early October 2019 to explore the FedNow solution with us directly, and to openly solicit and listen to our feedback regarding the requirements for the potential solution. We look forward to partnering with the Federal Reserve on this endeavor in the future.

Thanks,

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