

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

Description:

Comment ID: 137050

From: Popular Inc., Roberto A. Soltero

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Comments:

NONCONFIDENTIAL // EXTERNAL

Dear all,

Below please find the comments from Popular Inc. regarding the upcoming FedNow launch and the proposed accompanying features. With regards to the first question, we considered each feature as either a "Must Have" or a "Nice to Have". All answers are provided in CAPS.

Please feel free to contact the undersigned with any questions or comments. We appreciate the opportunity to weigh in on this important project, and look forward to its successful design and implementation. Our comments then:

1. Which features of FedNow would be categorized as Phase 2, not necessary for initial launch (Phase 1)?

- * 24 x 7 x 365 - MUST HAVE
- * Real-Time - MUST HAVE
- * Credit Push - MUST HAVE (We believe it could be important for fraud control reasons)
- * High Availability - MUST HAVE
- * \$25,000 Transaction Limits - IMPORTANT THAT THIS LIMIT IS ALIGNED WITH THE CLEARING HOUSE LIMIT
- * ISO 20022 - MUST HAVE
- * Remittance Information - MUST HAVE
- * Settles in Master Account - MUST HAVE
- * Correspondent/Respondent Relationships - NEED MORE INFORMATION
- * Intraday Credit - MUST HAVE
- * 7 day Accounting - NICE TO HAVE
- * Basic Reporting - MUST HAVE
- * Access through FedLine Channel - FEDNOW SHOULD PROVIDE FLEXIBILITY OF ACCESS.

ALSO, TECHNOLOGICAL COMPATIBILITY WITH RTP FROM THE CLEARING HOUSE IS DESIREABLE.

2. Do any of the proposed features for initial launch results in significant implications for your organization? YES. 7-DAY ACCOUNTING AND INTRADAY CREDIT AS EXAMPLES, BUT ALL THESE FEATURES WILL HAVE SIGNIFICANT IMPLICATIONS FOR OUR ORGANIZATION.

3. Do you consider request for payment mandatory feature for initial release? If not, how soon after the initial release would be appropriate? IF REQUEST FOR PAYMENT = CREDIT PUSH, THEN YES, IT WOULD BE DESIREABLE AS A MANDATORY FEATURE.

4. What is the impact to adoption if the Federal Reserve does not initially offer a directory service? IT WOULD DEPEND ON HOW THE DIRECTORY IS STRUCTURED. IF IT IS STRUCTURED/DESIGNED WELL, IT WOULD HAVE A GREAT AND POSITIVE IMPACT TO ADOPTION, IN OUR VIEW.

5. What fraud/risk features are you interested in for the FedNow service (as opposed to fraud features that you or your provider may implement?) Are these fraud/risk features a required feature of the initial release? THE CREATION OF A REAL TIME "BLACK LIST" THAT IS PERPETUALLY UPDATED AND CURRENT WOULD BE A VALUABLE FEATURE.

CUSTOMER IMPACT AND READINESS

1. What is the strategic priority of faster payments for your organization and what resources would you

have available for implementation? IT IS HIGH. AS THE LEADER IN OUR MARKET, WE MUST KEEP ABREAST OF INDUSTRY TRENDS AND GIVE THOUGHTFUL CONSIDERATION TO FASTER PAYMENTS INITIATIVES. QUESTION: WILL THERE BE A WAY TO TEST THE FEDNOW CONCEPT PRIOR TO FULLY COMMITTING FINANCIAL AND OPERATIONAL RESOURCES TO THIS ENDEAVOR?

2. What are the largest barriers for your organization to overcome in order to use and support 24 x 7 x 365? What is the anticipated timeframe for your organization to be able to make the necessary changes to use and support 24 x 7 x 365 processing? 7-DAY ACCOUNTING. WE ARE CURRENTLY SET UP TO PERFORM ACCOUNTING CYCLES ON BUSINESS DAYS.

3. Which vendors would you need to involve to integrate to your platform (the platform that enables your organization to offer/use a faster payments service)? EVERTEC AND ANY OTHER VENDORS WHO MAY BE PARTICIPANTS IN OUR PAYMENTS ECOSYSTEM.

4. How much time does your organization need to implement a project of this size? 24-36 MONTHS BASED ON THE AVAILABLE INFORMATION.

Best regards,

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