



November 7, 2019

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

Re: Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments –
Docket Number OP-1670

Dear Ms. Misback,

This letter is submitted by Tricorp Federal Credit Union (Tricorp) in response to the notice and request for comment issued by the Federal Reserve System on August 9, 2019 related to Federal Reserve actions to create the FedNow Service. Tricorp appreciates the opportunity to submit comments regarding the potential action.

Tricorp fully supports the proposed FedNow service as we believe that the Federal Reserve Bank is uniquely positioned to provide a faster payment service and the infrastructure to ensure that it is ubiquitous, safe and available to financial institutions of all sizes. There are private sector solutions either in place or in development but in order to engage credit unions both large and small, the FedNow service will be the best way to create a service that is available to all.

The proposal covers 10 specific areas of development of the system, which are:

- Message Standard. FedNow will be based on the ISO 20022 standard.
- Settlement Account. FedNow would settle in the payments master accounts at the Fed at any given time during standard business hours.
- Seven-Day Accounting Regime. It is believed that as part of this proposed service a seven-day accounting regime is appropriate under Financial Accounting Standards Board (FASB) principles.
- Business Day. FedNow business day would align with Fedwire.
- Liquidity and Credit. The Fed will continue to develop features and tools necessary to assist institutions with the effective management of intraday and end-of-day credit.
- Network Access. FedNow will be accessed through the FedLine network.
- Service Pricing. Pricing is not announced but it is expected that the fee structure would include a combination of per-item fees, charged to sending and potentially to receiving banks, and fixed participation fees.
- Request for Payment. A request for payment would be a separate nonvalue message type that would prompt a sender to initiate a payment to the receiver who is requesting funds.

- Directory Service. There is no specific directory proposal, but the Fed will continue to develop this through input from stakeholders. It has been indicated that comments to the 2018 Notice indicated the support for using a receiver's public identifier.
- Fraud Prevention Services. Engagement will continue with the industry on the what potential Fraud prevention services should be offered

Tricorp supports these areas of development. As a correspondent institution for many credit unions throughout New England, the major focus for us is the settlement of these transactions. We are in support of these faster payment transactions settling in the master accounts at any given time during standard business hours.

Liquidity and credit will be the main concern especially as a correspondent. We support the Fed's desire to develop features and tools that will assist us with the effective management of our account especially during overnight and weekend hours. We believe that the Discount Window accessibility needs to be increased to provide for access to settle real time payments during the overnight and weekends. It will certainly be our responsibility to adequately fund our master account. It will be at least for the beginning of faster payments a learning process to understand the dollar volume of transactions. That volume can be expected to increase over time, but it will be very important for additional liquidity tools to be available to prevent the rejection of transactions. We believe that the Federal Reserve should develop both the settlement service and liquidity management tool in tandem since knowing detailed balance and positions is key to maintaining smooth flow of funds for consumers.

Recognizing that fraud will continue to be an issue and certainly will be also with a faster payment service. We fully support the desire to engage with the industry to determine what fraud prevention actions and services should be developed and offered.

We appreciate the opportunity to comment and look forward to the Fed's development of a real time payment system.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. Roy". The signature is fluid and cursive, with "Stephen" on the top line and "A. Roy" on the bottom line.

Stephen A. Roy,
President/CEO