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

Description:

Comment ID: 135175

From: Steve Kirsch

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

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Comments:

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My suggestions:
We've had years of experience with open banking at close to 50 banks.
Our advice:
1. Give banks a generic API that they expose to the software the Fed drops at the bank. Think about future needs of Fed software (cross border). So you want to define a standardized gateway API to low level functions like get balance, transfer between internal accounts, get KYC info, AML, get account status, pop up this message for ask for user approval (e.g., request to pay function), sanction screen, etc. So banks implement once with mandatory and optional sections.
2. Do not give banks a spec for the software that talks to FedNow. Give them a docker image of FedNow which then relies on the attach points in item #1.
Those are the two most important things to get right.
It would be nice if users can issue digitally signed instructions to banks and you standardized on that API, but that goes beyond the basic Faster Payment requirements.
You can solve the interoperability problem by thinking of yourselves as the master hub, and creating an in/out gateway spec that the other schemes must implement. Since the Fed is the major player in the room , this is less work for the Fed and easier for everyone.
Keep the directory simple at first. People should be able to register a single friendlyname, email, and their phone number, and then use suffixes for their specific account, e.g. , steve/checking gets my checking account, steve gets my "default" account. In the future, you can support steve@provider format.
Request to Pay is a good idea
Providing reference code for mobile is a good idea.
Create a small group of outside diverse subject matter experts to help guide decision making. Do not just use a single firm like Accenture, etc. You want to draw in experts from a variety of firms (startups, banks, other CB who did a faster payment system, system integrator, etc). The Fed Faster Payment task force was WAY too inclusive and large and all the subject matter experts dropped out. No problem with getting broader feedback like this, but keep your core expert advisory team small.