

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

Description:

Comment ID: 135176

From: William Foster

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

Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Federal Reserve:

The Federal Reserve should immediately abandon its plan to create a real-time payment system. It is improper for a government agency to compete against the companies it regulates. The Federal Reserve has an inherently unfair advantage in that it can potentially dictate below-market costs and absorb losses that the private sector cannot. The Fed admitted as much when it conceded it would take more than a decade to recover its costs. Such a projection in the private sector would be laughable, but it's status quo for the Fed's attempt to fill its own coffers.

The free market is offering improved solutions to real-time payments and the Fed should give these solutions the space to succeed – especially considering the private sector invested more than \$1 billion building this capability at the Fed's urging. FedNow is a solution in search of a problem that will create uncertainty and delays for this dynamic market.

Sincerely,
Mr. William (Bill) Foster