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

Description:

Comment ID: 134413

From: First State Bank, Jacqueline Bend

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Comments:

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This interbank real-time settlement service is definitely needed. Avoiding the settlement timing issue of current P2P options is important. My concern relates to security / monitoring / fraud prevention.

A few years ago, our account at the Federal Reserve was debited for over $300,000,000.00 for an ACH transaction incorrectly keyed by an originator. The ODFI did not have limits established for their customer. The item was transmitted at end of day. We were unaware of the error until the following morning. The Federal Reserve considered us overdrawn for over 12 hours. We were informed as the pass-through the Federal Reserve did not monitor and/or prevent. It was a very long and difficult process to have that negative record removed from our account. Yet the ODFI was not held responsible.

If a fraudster gained access to account information through a stolen data base and processed, on a grand scale, transactions to multiple institutions, is the FedNow system being designed to detect/prevent this?   What are the protections offered to participating institutions? Or ,as in the above ACH case, is it the Federal Reserve's intention to merely act as the pass-through with no responsibilities relating to monitoring/detecting?

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