



**Third Party Payment Processors Association (TPPPA)**  
20 F Street NW, 7<sup>th</sup> Floor  
Washington, DC 20001  
(888) 662-0888

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Delivered via Email: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Ms. Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

**SUBJECT:**

**Docket No. OP-1664 Potential Modifications to the Federal Reserve Banks' National Settlement Service and Fedwire® Funds Service To Support Enhancements to the Same-Day ACH Service and Corresponding Changes to the Federal Reserve Policy on Payment System Risk, Request for Comments**

Dear Ms. Misback:

The Third Party Payment Processors Association (TPPPA) is appreciative of the opportunity to submit comments on behalf of the TPPPA Membership related to Docket No. OP-1664 regarding Potential Modifications to the Federal Reserve Banks' National Settlement Service and Fedwire® Funds Service To Support Enhancements to the Same-Day ACH Service and Corresponding Changes to the Federal Reserve Policy on Payment System Risk.

The TPPPA is a not for profit industry association whose members are financial institutions, payment processors and money transmitters. The TPPPA was formed in 2013 to support its members in creating and promoting industry best practices in payment processing. The mission of the TPPPA is to provide Advocacy, Leadership and Support on behalf of our members and the payments industry. This response is in service of the Advocacy element of our mission.

The TPPPA is supportive of efforts to promote faster payments and particularly efforts that provide its members and their customers outside the Eastern time zone with greater opportunity to utilize settlement services through extending the daily operating hours of the National Settlement Service (NSS) and Fedwire®. We encourage the Board to continue to address comments received in response to its October 2018 request for public comment related to 24x7x365 real-time interbank settlement of faster payments and liquidity management tools that would enable transfers between Reserve Bank accounts on a 24x7x365 basis. The remainder of our comments will relate to topics addressed in Docket No. OP-1664, although the responses will be general, as we are representing a wide variety of constituents that would have different needs and uses in answering the questions posed.

The TPPPA recognizes that in order to maintain the ubiquity of the ACH Network with its two-operator system, that the Federal Reserve Bank would need to make adjustments to provide later settlement services through the NSS to The Clearing House (THC), and extend the Fedwire Funds Service to allow for extended third-party transfer times for liquidity management. These enhancements will also provide opportunity for greater benefit to payment systems other than the ACH Network. While this proposal was in direct response to the ACH Network and Same Day ACH, it sets the stage for other payment systems to settle at a later window.

Supporting the additional Same Day ACH window is also start in addressing the disparity in the opportunities presented with Same Day ACH for those financial institutions and companies that are outside of the Eastern time zone. Payment processing has changed significantly over the past several years, particularly related to merchant (inclusive of ACH Originator) processing in the online marketplace. Consumers are no longer bound to brick and mortar hours, but instead they may buy and make payments online during all hours of the day, regardless of the time zone. Additionally, merchants may serve customers all over the country, payment processors may serve merchants all over the country and financial institutions may provide payment processing to merchants and third-party payment processors all over the country. When there are greater opportunities available to organizations and/or consumers that are located in one time zone over the others, this creates a competitive disadvantage to those that are outside of that time zone. Ultimately, consumers and small businesses are most hurt by this disadvantage.

The TPPPA believes that it is the role of the Federal Reserve Bank to provide equitable services that keep up with the rapidly evolving manner in which payments are made. It is understood that these are not insignificant changes and that the risks must be carefully weighed, however, the nature of settlement facilitated by the Federal Reserve has not significantly changed although the manner in which people make payments or get paid has dramatically changed. No manner of private sector efforts will make any significant progress without the vital settlement function of the Federal Reserve Bank.

We thank you for the opportunity to comment on this important matter.

Sincerely,



Marsha Jones, AAP, APRP, CAMS  
President  
Third Party Payment Processors Association