

AMERICA'S CREDIT UNIONS, ANDREW MORRIS

Proposal and Comment Information

Title: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service, R-1891

Comment ID: FR-2026-0011-01-C36

Subject

Docket No. R-1891 - Comment from America's Credit Unions

Submitter Information

Organization Name: America's Credit Unions

Organization Type: Organization

Name: Andrew Morris

Submitted Date: 06/09/2026

On behalf of America's Credit Unions, please find attached our comment regarding the proposed rule titled "Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service; Regulation J" [Docket No. R-1891] [RIN 7100-AH23].

Best,
Andrew Morris

[photo-logo]

Andrew Morris
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America's Credit Unions

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NAFCU is now America's Credit Unions.<https://www.americascreditunions.org/> A stronger voice to advance the credit union industry.





June 9, 2026

Benjamin W. McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

**RE: Collection of Checks and Other Items by Federal Reserve Banks and Funds
Transfers Through the Fedwire Funds Service and the FedNow Service;
Regulation J (Docket No. R-1891)**

Dear Mr. McDonough:

On behalf of America's Credit Unions, I am writing in response to the proposal issued by the Board of Governors of the Federal Reserve System to permit FedNow participants to use an intermediary for the purpose of facilitating cross-border payments. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. As not-for-profit, member-owned financial cooperatives, credit unions play a vital role in the financial well-being of individuals, families, and small businesses across the country. We advocate for policies that allow credit unions to effectively meet the needs of their over 146 million members nationwide.

Under current Regulation J, a FedNow participant may not send a payment order to a Reserve Bank that requires the Reserve Bank to issue a payment order to an intermediary bank other than another Reserve Bank. America's Credit Unions supports the proposed amendments which are narrowly tailored to allow additional transfers before and after funds are sent through the FedNow Service, enabling participants to settle the U.S. domestic portion of larger cross-border transactions.

In connection with the proposed amendments, the Board has sensibly limited Regulation J's immediate funds-availability requirement to only the portion of a transfer in which a beneficiary's bank—not an intermediary bank—accepts a payment order over the FedNow Service. When a foreign beneficiary bank is the recipient of an outbound transfer, delaying funds availability will likely mitigate certain fraud risks and help facilitate compliance with applicable anti-money laundering and sanctions rules. For inbound transfers, it may be reasonable for the domestic beneficiary bank to make funds available once they are received—provided there is an opportunity for the beneficiary bank to delay funds availability if there is reasonable cause to believe that the beneficiary is not permitted or entitled to receive the payment. To address such circumstances, we support the Board's decision to clarify that the current exception for delaying funds availability applies to the beneficiary bank that is a FedNow participant.

Given that the domestic sending banks may incur new costs when transmitting a portion of a cross-border transfer using FedNow, the Board should coordinate with the CFPB to determine

whether new exceptions are warranted to simplify disclosures and estimates of third-party fees under 12 CFR 1005.32. There may be certain circumstances where an exception that would otherwise permit estimates of third-party fees incurred as part of a remittance transfer may be inapplicable because of how a FedNow sender instructs a sending bank to use a particular intermediary institution.¹ Because the proposed amendments would specify that “a sender shall not send a payment order to a Federal Reserve Bank that requires the Federal Reserve Bank to send a payment order to an intermediary bank (other than a Federal Reserve Bank) unless that intermediary bank is designated in the sender’s payment order,” it is unclear whether such a selection by the sender would permit the use of estimated fees based on the CFPB’s existing commentary in 12 CFR 1005.32.

Conclusion

America’s Credit Unions and its credit union members support the Board’s ongoing efforts to expand the functionality and utility of the FedNow service. Amendments to Regulation J which aim to facilitate closer integration of FedNow with cross-border payment flows will help credit unions improve the payments experience of their members—particularly business entities that may need to make time critical payments to foreign suppliers.

Thank you for considering our comments. Should you have any questions, please contact me at amorris@americascreditunions.org.

Sincerely,

Andrew Morris



Director, Innovation and Technology

¹ See CFPB, 12 CFR § 1005.32(b)(5)(i)(B)—2, Official Interpretation of 32(b)(5) Permanent Exception for Estimation of Covered Third-Party Fees by an Insured Institution in Supplement I. For purposes of § 1005.32(b)(5)(i)(B), an insured institution is deemed able to determine, at the time it must provide the applicable disclosures, exact covered third-party fees, if the designated recipient’s institution acts as an agent of the insured institution.