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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

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Submitter Information

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I write in support of the proposed amendments and to provide technical perspective on a specific implementation gap the final rule should address: the absence of low-cost, production-ready integration tooling for community banks participating in FedNow through third-party service providers.

Several comments in this docket identify a common concern. ICBA noted that "the cost of supporting cross-border FedNow activity will fall disproportionately on smaller institutions" and called for technical documentation and support resources. The U.S. Faster Payments Council noted that smaller institutions "may not have frameworks in place" for managing cross-border payment operations. Commenter Michael Ravnitzky specifically requested "pre-configured testing scripts to offset limited internal engineering resources" at community institutions. The American Bankers Association, Nacha, and The Clearing House each identified real-time OFAC and AML screening within FedNow's 5-second response window as the primary compliance challenge smaller institutions will face.

These concerns collectively describe a gap that open-source infrastructure can address. I am the developer of OpenFedNow (github.com/danielsmori/open-fednow), a free, open-source dual-rail middleware framework for FedNow and RTP designed for community banks and credit unions. The framework provides:

— ISO 20022 message handling for FedNow and cross-border flows, including camt.056 and camt.029 for exception handling
— A FraudScreeningPort: a pluggable, opt-in interface for real-time OFAC/AML sanctions screening within FedNow's 5-second window, directly addressing the compliance gap identified by ABA, Nacha, and TCH/BPI
— An Anti-Corruption Layer that insulates a community bank's core banking system from the operational complexity of the FedNow/intermediary boundary
— Pre-configured integration testing infrastructure for institutions without dedicated engineering teams

I previously built Santander Brazil's PIX integration at IBM — directly relevant to the US-LatAm corridors this amendment is intended to enable. Brazil's PIX, cited repeatedly in this docket as a benchmark the U.S. should match, is a model for what accessible instant payment infrastructure looks like at national scale.

My specific recommendation for the final rule: the Board should include in its implementation guidance an explicit acknowledgment that FedNow participants may satisfy real-time sanctions screening requirements through certified third-party or open-source compliance modules. Clear guidance on acceptable compliance architectures will accelerate adoption among the 1,500+ current FedNow participants, most of which are community banks and credit unions under $10 billion in assets that will rely on open-source and third-party tooling to implement cross-border capability cost-effectively.

Daniel Stelzer Mori
Architect and Creator, OpenFedNow — github.com/danielsmori/open-fednow

OpenFedNow

Dual-Rail Instant Payment Middleware
for Community Banks

THE PROBLEM

8,300+ U.S. financial institutions — the majority of community banks and credit unions — cannot send instant payments on FedNow or RTP. The barrier isn't willingness. It's architecture.

Legacy core banking systems (Fiserv, FIS, Jack Henry — ~72% of U.S. banks) were built for overnight batch processing. FedNow and RTP require:

- Sub-20-second per-transaction processing
- 24/7/365 uptime — no maintenance windows
- ISO 20022 native messaging (JSON / XML)
- High-volume concurrent load handling

Core replacement costs $10M–$50M and takes 5–10 years. Custom integrations run **$500K–$2M per institution, per rail.** Neither scales to 8,000 banks.

ARCHITECTURE VALIDATED IN PRODUCTION

Developed through Santander Brazil's PIX integration — Brazil's instant payment system serving **175M users** and processing **63B+ transactions/year.**

Key insight: ~85% of the integration work is identical regardless of core vendor or payment rail. Only the vendor adapter layer (~15%) changes per institution.

THE SOLUTION

OpenFedNow is an open-source (Apache 2.0) middleware framework that connects legacy Fiserv, FIS, and Jack Henry cores to both FedNow and RTP — **without replacing the core system.**

FIVE-LAYER ARCHITECTURE

- **Rail Gateways** — FedNow (JSON/ISO 20022) + RTP (XML/ISO 20022)
- **Anti-Corruption Layer** — ISO 20022 ↔ proprietary core translation
- **Shadow Ledger** — real-time balance tracking independent of core
- **Saga Orchestration** — distributed transaction state + rollback logic
- **Vendor Adapters** — Fiserv, FIS, Jack Henry (implemented & tested)

DUAL-RAIL BY DESIGN

58% of connected institutions participate on both FedNow and RTP. Adding the second rail requires only the Layer 1 gateway — shared infrastructure is already there.

AVAILABILITY

Free. Apache 2.0 license.
github.com/danielsmori/open-fednow

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