

December 13, 2018

Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Docket No. OP-1625, Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments

On behalf of the Retail Industry Leaders Association (RILA), we appreciate the opportunity to provide comments to the Board of Governors of the Federal Reserve System on potential actions the Federal Reserve could take to promote ubiquitous, safe, and efficient faster payments in the United States by facilitating real-time interbank settlement of faster payments.

RILA is the trade association of the world's largest and most innovative retail companies. Its more than 200 members include retailers, product manufacturers, and service suppliers that collectively account for more than \$1.5 trillion in annual sales, millions of American jobs, and more than 100,000 retail stores, manufacturing facilities, and distribution centers around the world.

Over the past few years, RILA has been a collaborative partner with the Federal Reserve by working with the Secure and Faster Payment Task Forces (SPTF and FPTF). These efforts brought industries from across the payment ecosystem together to discuss a wide range of policy issues, with the overall goal of updating and improving the nation's payment infrastructure.

The recommendations from the FPTF report set the stage for the recent announcement by Federal Reserve Board Governor Lael Brainard to potentially develop a service for 24x7x365 real-time gross settlements (24x7x365 RTGS). RILA supports and encourages the Federal Reserve's action to bring ubiquitous, safe, and efficient faster payments to the United States.

RTGS will not only have a positive impact on the merchant community but will benefit the American consumer. As retailers, it is not uncommon to hear from our customers about the length of time it takes for debit transactions to be completed. This is especially true for Americans who are underbanked, living on fixed incomes and families under certain budget constraints. Establishing real time payments in the U.S. would benefit all American consumers by providing more clarity and control over their finances.

Technological advances have altered the way people communicate, conduct commerce, and access information. Core industries—touching multiple pillars of our nation's economy—have adapted and evolved to confront this technological revolution, but the payments industry has been reluctant to keep pace with the changes in technology. That is why RILA believes the Federal Reserve should move forward with the proposal to establish a service for 24x7x365 RTGS of faster payments. To the extent that a new Liquidity Management Tool is deemed necessary to enable a Federal Reserve operated RTGS service, RILA supports that new service as well.

Around the globe, advanced and emerging economies are partnering with the payments industry and central banks to bring faster payments to the market benefitting their citizens. The goal of establishing faster payments in the U.S. economy cannot be achieved solely by a private sector solution driven by a handful of legacy players from the financial services industry. It would be nearly impossible to create the infrastructure

necessary to provide equitable access to enough banks—particularly small financial institutions—to achieve ubiquity. If this effort is to succeed, it must be done in collaboration with the Federal Reserve.

Preliminary feedback from RILA's members tell us there will be sufficient demand if the Federal Reserve moves forward with implementing 24x7x365 RTGS. There is a strong belief, if the necessary features are established in an equitable fashion, retail payments have the potential to drive volume under this new service.

It is unclear from the retail perspective what adjustments would need to be made to the financial services industry, but once their capabilities have been updated, RILA would expect deployment of 24x7x365 RTGS on an expeditious timeline.

Over the past few decades, the payment ecosystem has seen competition and innovation stifled by a small group of legacy players. The most recent evidence of this is their efforts to subvert merchant routing rights for debit card payments.

RILA strongly believes that the Federal Reserve pursuit of 24x7x365 RTGS, will help achieve ubiquitous, nationwide access to safe and efficient faster payments in the long run. Achieving this goal will not only advance the U.S. payment ecosystem in a positive direction but will benefit all Americans.

For the reasons addressed above, RILA believes the Federal Reserve's involvement is essential to ensuring scale, reach, and competition are achieved to foster faster payments in the United States. RILA is prepared to work as a collaborative partner to achieve this ambitious proposal and is supportive of the steps outlined to implement 24x7x365 RTGS.

Please direct questions or requests for further information about this comment letter to Austen Jensen, senior vice president, government affairs, austen.jensen@rila.org or 703-600-2033.

Sincerely,



Austen Jensen
Senior Vice President, Government Affairs