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General

1. Are you in general agreement with the payment system gaps and opportunities identified in the "Payment System Improvement Public Consultation Paper"? Please explain, if desired.

Yes.

1i. What other gaps or opportunities not mentioned in the paper could be addressed to make improvements to the U.S. payment system?

2. Are you in general agreement with the desired outcomes for payment system improvements over the next 10 years? Please explain, if desired.

Yes.

2i. What other outcomes should be pursued?

3. In what ways should the Federal Reserve Banks help improve the payment system as an operator, leader, and/or catalyst?

I think the Federal Reserve should be the leader in making one open secured network. There are so many different payment networks today, that require individual participation, this increases costs a and makes it hard to be interconnected. You get the network where banks and merchants can connect real time, you can achieve all the desired goals.

Ubiquitous near-real-time payments

4. In discussions with industry participants, some have stated that implementing a system for near-real-time payments with the features described in the second desired outcome (ubiquitous participation; sender doesn't need to know the bank account number of the recipient; confirmation of good funds is made at the initiation of the payment; sender and receiver receive timely notification that the payment has been made; funds debited from the payer and made available in near real time to the payee) will require coordinated action by a public authority or industry group. Others have stated that current payment services are evolving toward this outcome and no special action by a public authority or industry group is required.

4i. Which of these perspectives is more accurate, and why?

I think this is where the Federal Reserve needs to be the leader. If this is left to unregulated groups you will have many different fractions competing and will not get the unified communication network that is needed with strong rules for the participants.

4ii. What other perspective(s) should be considered?

5. The second desired outcome articulates features that are desirable for a near-real time payments system. They include:

a. Ubiquitous participation
b. Sender doesn't need to know the bank account number of the recipient
c. Confirmation of good funds is made at the initiation of the payment
d. Sender and receiver receive timely notification that the payment has been made
e. Funds debited from the payer and made available in near real time to the payee

5i. Do you agree that these are important features of a U.S. near real-time system? Please explain, if desired.

Yes.

5ii. What other characteristics or features are important for a U.S. near real-time system?

As I mentioned earlier- if the financial institution of the payment remitter was linked with the financial institution of the payment receiver, then all transaction details could be provided on one statement. This would allow user to have backup receipts for payments for tax and reconciliation purposes. A bank account could be auto reconciled, etc.

6. Near-real-time payments with the features described in the second desired outcome could be provided several different ways, including but not limited to:
a. Creating a separate wire transfer-like system for near-real-time payments that leverages the relevant processes, features, and infrastructure already established for existing wire transfer systems. This option may require a new front-end mechanism or new rules that would provide near-real-time confirmation of good funds and timely notification of payments to end users and their financial institutions.
b. Linking together existing limited-participation networks so that a sender in one network could make a payment to a receiver in another network seamlessly. This option may require common standards and rules and a centralized directory for routing payments across networks.
c. Modifying the ACH to speed up settlement. This option may require a new front-end mechanism or new network rules that would provide near-real-time confirmation of good funds and timely notification of payments to end users and their financial institutions. Payments would be settled periodically during the day.
d. Enhancing the debit card networks to enable ubiquitous near-real-time payments.
e. Implementing an entirely new payment system with the features described in the second desired outcome above.

6i. What would be the most effective way for the U.S. payment system to deliver ubiquitous near-real-time payments, including options that are not listed above?

c. Modifying the ACH to speed up settlement. This option may require a new front-end mechanism or new network rules that would provide near-real-time confirmation of good funds and timely notification of payments to end users and their financial institutions. Payments would be settled periodically during the day.

6ii. What are the likely pros and cons or costs and benefits of each option? What rule or regulation changes are needed to implement faster payments within existing payment processing channels?

I think to use option c, which I think is best, you would have to establish a new debit card like network, but it would need to be a new network. (Current Networks are monopolized)

6iii. Is it sufficient for a solution to be limited to near-real-time authorization and confirmation that good funds are on their way, or must end user funds availability and/or interbank settlement take place in near-real time as well?

It is a desired feature, but it would not be totally necessary now, you establish a new system without and could work towards that goal.

6iv. Which payment scenarios are most and least suitable for near real-time payments? (B2B, P2P, P2B, POS, etc.)

I think they should all be able to do real-time payments.

7. Some industry participants have said that efforts to make check payments easier to use, such as by enabling fully electronic payment orders and/or by speeding up electronic check return information, will incrementally benefit the payment system. Others argue the resources needed to implement these efforts will delay a shift to near-real-time payments, which will ultimately be more beneficial to the payment system. Which of these perspectives do you agree with, and why?

I think if you wanted a simple check solution today, use mobile technology. Scan a QR code from the mobile device and the merchant system could produce a check from that. Then an ACH could be used to settle the transaction, with todays rules and minimal investment. Then you can still work on the future shift to real time payments.

8. How will near-real-time payments affect fraud issues that exist with today's payment systems, if at all?

I think if you had banks communicating directly with each other you can reduce or eliminate fraud. Should as having a customer scan a code that lets the merchants bank know what bank in the network to communicate with and who the customer is. The transaction would settle between the banks and the merchant would never have to know the customers bank information. For added security a text to the customers mobile with a code to validate the authorization could be used. The customer would have to be in the banks records to get that text. A fraudster would not have your phone and if they did the would not have the bank password to get in the mobile application.

8i. Will near-real-time payments create new fraud risks? If yes, please elaborate on those risks.

No eliminate, see 8.

9. To what extent would a ubiquitous near-real-time system bring about pivotal change to mobile payments?

I think mobile payments would within 5 years to 90% of payments if they worked this way.

10. What would be the implication if the industry and/or the Federal Reserve Banks do not take any action to implement faster payments?

I think you will have too many fragmented players, making growth slow until a leader emerged.

10i. What is the cost, including the opportunity cost, of not implementing faster payments in the United States?

I think the opportunity costs, is this would be the best, safest, and payment channel and users would love it.

11. To what extent will the industry need to modernize core processing and other backend systems to support near-real-time payments?

I think it will take moderate investment, but would be well worth it.

11i. What is the likely timeframe for any such modernization?

3 years

12. Some industry participants suggest that a new, centralized directory containing account numbers and routing information for businesses and/or consumers, to which every bank and other service providers are linked, will enable more electronic payments. A sender using this directory would not need to know the account or routing information of the receiver.

12i. What are the merits and drawbacks of this suggestion?

I think this is crucial.

12ii. What is the feasibility of this suggestion?

If the Federal Reserve is the catalyst it is totally feasible.

Electronification

13. Some industry participants say that check use is an enduring part of the U.S. payment system and that moving away from checks more aggressively would be too disruptive for certain end users.

13i. Is accelerated migration from checks to electronic payment methods a high-priority desired outcome for the U.S. payment system? (Accelerated means faster than the current trend of gradual migration.) Please explain, if desired.

No. I think solutions to improve processing can be developed that check users would not even notice.

13ii. Should the Federal Reserve Banks establish a target for the percent of noncash payments to be initiated via electronic means, by a specific date? For example: "By the year 2018, 95% of all noncash payments will be made via electronic means." If Yes, what is the appropriate target lever and date?

Yes. 90% 2017

14. Business-to-business payments have remained largely paper-based due to difficulties with handling remittance information. Consumer bill payments also are heavily paper-based due to the lack of comfort some consumers have with electronic alternatives. In addition, many small businesses have not adopted ACH for recurring payments due to technical challenges and/or cost constraints. The payment industry has multiple efforts underway to address these issues.

14i. To what extent are these efforts resulting in migration from checks to other payment types?

Not very effective.

14ii. What other barriers need to be addressed to accelerate migration of these payments?

I think standardizing remittances and linking them to the payment would be a huge help.

14iii. What other tactics, including incentives, will effectively persuade businesses and consumers to migrate to electronic payments?

14iv. Which industry bodies should be responsible for developing and/or implementing these tactics?

Cross-border Payments

15. To what extent would the broader adoption of the XML-based ISO 20022 payment message standards in the United States facilitate electronification of business payments and/or cross-border payments?

16. What strategies and tactics do you think will help move the industry toward desired outcome four - consumers and businesses have greater choice in making convenient, cost-effective, and timely cross-border payments?

Safety

17. Payment security encompasses a broad range of issues including authentication of the parties involved in the transaction, the security of payment databases, the security of software and devices used by end users to access payment systems, and security of the infrastructure carrying payment messages.

17i. Among the issues listed above, or others, what are the key threats to payment system security today and in the future?

I think if payment information is kept out of the transactions, the biggest security risk would go from payment databases to the security of software and devices used by end users.

17ii. Which of these threats are not adequately being addressed?

the security of software and devices used by end users

17iii. What operational or technology changes could be implemented to further mitigate cyber threats?

18. What type of information on threat awareness and incident response activities would be useful for the industry?

18i. How should this information be made available?

19. What future payment standards would materially improve payment security?

As I stated earlier. I log into a mobile application just to get my unique ID for the receiver to scan and connect their financial institution to mine. My financial institution receives the transaction information and gives me a code to authorize the transaction as final. For the transaction to be accepted my financial institution must get this code with correct details that were authorized.

19i. What are the obstacles to the adoption of security-related payment standards?

20. What collaborative actions should the Federal Reserve Banks take with the industry to promote the security of the payment system from end to end?

21. Please share any additional perspectives on U.S. payment system improvements.