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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?

Protection is a big issue. WE need to make the fraudster become concerned about creating these issues in the 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?

The Fed is in the best position to manage a new payment system. All transaction could go through the Fed and you have the ability to regulate. We still could have the Banks go through a Correspondent but all transactions would be sent to the Federal Reserve.

**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?

**Ubiquitous participation - In real life there would be no need or requirements that the originator know the recipients information regarding Bank or Account number.**

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.

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

**in real time the only participant who gains is the payee not the payor. I've have mixed emotions on this. I do understand the need for change and for a better payment system. I also agree that it should happen in the next 10 years. it's enough time for everyone to be accepting of the new possible safer method of payment. Must have more security in the system.**

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?

If you are to use a current system it should be modifying the ACH to speed up settlement and modification. Should also possibly include return rights for product not received along with the normal return rights.

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?

Some would be operating circulars, REG E, NACHA rules, UCC4A, As far as the cost there would be a up front start up cost but going forward most likely there would be more fees down the pipe line.

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?

near-real-time authorization and confirmation that good funds are on their way as long as all transactions go through the Federal Reserve

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

not sure

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?

enabling fully electronic payment orders will speed up the payment system. The electronic check payments run a risk the original check sitting around in a store /drawer some place they can be accessed by those who would commit Fraud.

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

yes we do run the risk of fraud would become an issue therefore we must include rights of return with the same near-real-time to protect the payor, FI's and all those who are part of the payment. New more robust rules would be required. Also more stronger management of the bad originators.

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

Yes. Yes but there can be fast resolve for the payments.

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

I do not know

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

Everything stays the same. Some one will start up a new payment system between certain banks much like they do now with ACH and Checks, (outside of the Federal REserve) In some cases if a person goes to a service station and fills up with gas by the time you get to work and look at your account you'll see the transaction in your account now. And that will stay the same.

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

This in some ways are more for the large debit originators. At some point in time it will happen. looking to the future (10 years) yes all will come full circle. But for today's longer hours for all FI's including the smaller FI's that do not have the resources to have double shifts or a 24 hrs shop. As they merge and become larger things will change for them as well.

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

This would include a price tag on the front end just like all updates.

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

8 to 10 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?

Something like this needs to be run by the Federal Reserve in order to keep this working correctly. This in the long run will protect all parties and help prevent some fraud.

12ii. What is the feasibility of this suggestion?

in the long run i think you can do it correctly.

### **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.

Yes. in some cases this is an age issues. Many of the 30 and under do not even write checks however the business sector use checks for documentation mostly. Touch and Feel is big on accounting for some. But as time goes by everyone will become more accepting to the idea. And in time will become the norm.

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. 95% 2018

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?

If they were able to see the full detail of the transaction instead of a one line I think it would make vast stride in the conversion process.

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

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

Give them all the information of the transaction, Who received payment, contact with phone number and the bank to assist them. New system new changes.

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

Federal Reserve. You are the only one that can implament something like this and control the process. Also you have now one method of monitoring at the same time. Give more reports like the ones you offer at this time. Expand on these things and it will work.

### **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 electrification of business payments and/or cross-border payments?

I have always felt that ACH should accept the XML 20022 payment message standards.

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?

All those are correct and we also need to sell them on it. It's new different and safer with more information.

### **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?

There will always be a threat of someone stealing someones security information but the resources would be there to assist them in correcting the problem.

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

I think there is a larger risk on the customer side but we'll always have to keep in mind that each bank could also have some one become a threat to the system.

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

Dual security at bank level for operational and for technology there has to be more for the customer side. maybe have a computer that is only allowed to access the bank, no other internet actions, and better virus scanning on going.

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

news letters, pop ups on the banking side, the bank could have a aggressive antivirus between the customer and the bank which could possibly help alert the bank when they is an intruder or a virus with in the files. Stronger authentication

18i. How should this information be made available?

a number of different ways. email, mailing, pop up. talking to customer at the bank. Invite them to a tea and inform them of what they need to know. Brochures available and includes links for help.

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

i do not have that answer right now.

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

Could take a little more time to process the transactions.

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?

Set up rules that require everyone to step up to the advanced security. you are in that position.

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



