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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. In general we agree with the Payment System Gaps and Agreements. We feel that B2B Payments should get more attention and a thought can be given to expand infrastructure capabilities in close steps with transformation of Payments Clearing. Capabilities in the customer to bank space can be enhanced with an important aspect of standardization of payment orders which will not only enable modern systems but also create a more level playing field and enhance competition. Invoicing, Cash reporting can be standardized as well.**

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

**Corporate / Wholesale Payments space needs more attention. Customer (Corporate) to Bank space can be transformed for general upliftment of efficient payments processing and promotion of competitive aspects for the banks.**

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

**No. 10 years of the period needs to be broken into waves of 5-6 years to enable banks and business entities to create good business cases and address RoI in shorter periods.**

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?

**This is a kind of re-hash of the system landscape. FRBs will need to play a part of leader either by driving this evolution or creating a representative body to lead and then facilitating the change.**

### **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?

**Payment services are evolving towards the outcome however it should be done in collaboration with public authority and industry groups including consumer, corporates participants and vendors. A balance of consistently applied standards, authority, rules and guidance should be created for the good, soundness and welfare of the payments network to foster consistent processing.**

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

**Moving to an ubiquitous real time payments clearing , Account verification can be centralized to optimize the usage of system resources.**

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.

**No. We believe point (b) - Sender doesn't need to know the bank account number of the recipient is hard to believe as credit party's (recipient's) preference for receiving the funds is only possible through an account number.**

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

**Simplified structure that fosters competition allowing all size participants to participate on a level playing field**

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?

**Given the maturity and limitation of existing infrastructure, attempts are likely to fail because of these system limitations. Creation of a new system with the ability to interface with existing systems but can also stand alone.**

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?

**The pros of using existing legacy systems are that the systems are widely used and efficient. The cons are that the Wire, ACH and card system each have their own limitations. While linking could foster STP, building interfaces could be costly.**

6iia. What rule or regulation changes are needed to implement faster payments within existing payment processing channels?

**To accommodate the faster payments, rules and regulations will need a change to ensure that service levels are being bought into and complied. .**

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?

**Real benefit of faster payment is not realized if the interbank clearing takes place in real time - this is the key requirement. Settlement of interbank positions - can still be happening in not real time mode as the settlement risks for the banks are covered with collaterals with the central bank.**

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

**POS , P2P , P2B are most suitable and B2B least suitable for near 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?

**We agree with the second argument that the resources needed to impleme**

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

**With the appropriate oversight, rules, governance and validation, fraud should be minimal. Risk mitigation will play a major role in near –real time payments and will need the assistance of procedures, technology, and reporting**

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

**No. Do not believe new fraud risks will be created.**

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

**Real time payments will benefit e-commerce and mobile payments in general. It would also be a substantial change for the merchants receiving payments much quicker. Consumers when moving to these Real time payments - will need a behavioural shift compared to using some of the products like Checks.**

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

**We believe innovation will continue. However in the absence of FRBs/Industry not taking a lead - many of these will turn out to be experiments, at times leading to complex situations - social and legal. Federal body will need to provide leadership in ushering this change.**

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

**We believe opportunity costs are significant. Business and Individuals will continue with the problem on non optimized utilization of funds , continue risks of delayed settlement. A reliable faster payment system will be an overall benefit to commerce in general.**

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

**This will depend on what the agreed upon standards and rules associated with these payments will look like. One of the key aspect of an ubiquitous real time Payment Systems is 24X7 readiness of system of records and accounting.**

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

**Real time payments will be a major evolution for industry in general. The approach to this evolution can be incremental enhancements in existing systems and creation of a new system as the final solution. Such evolutions can take 4-5 years for the Phase 1. Time to reach the end state realization will depend on the overall benefits and related communication to industry at large.**

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?

**Such an approach should not be seen as a mandatory stepping stone for the Faster clearing. This may be perceived with mistrust by end users. It will also mean direct participation of smaller institutions which is not the case today ( they can participate through large institutions). It will become a complex flow to have these small institutions to share account data to the larger ones in order to participate to this system.**

12ii. What is the feasibility of this suggestion?

**In our opinion this is a complex alternative and will be difficult to get an industry wide acceptance.**

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.

**In theory yes, however until business to business remittance data is effectively standardized migration at the accelerated pace will not occur. Moving aggressively would be too disruptive to some users. Until business to business remittance data is effectively standardized migration at an accelerated pace to electronic payment methods is not likely to occur. Trading partners need the ability to better identify and post payments and the related dated to foster STP and efficiencies. Aligning the industry with the Federal Reserve Banks targets using a phased level of 75% by 2018 with the remaining 25% converted by attrition through 2020.**

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?

**This is a right approach. Adoption should be lead by Government , Public bodies and large corporations.**

13iii. What is the appropriate target level and date?

**4-5 years is a good horizon to plan for.**

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?

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

**Details of payment in addition to the money movement must follow the payment throughout the system. This would require great changes to DDA systems where the payment data is posted.**

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

**Banks and system need to incentivize Electronic Payments. Investments can be generated by increasing the costs of paper based instruments.**

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

**Clearly a dedicated Payment Transformation Body needs to be created with representation from different stakeholders - models are available elsewhere in Europe and some other geographies.**

### **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?

**XML ISO20022 adoption for this evolution will help electronification of business payments - there are clear benefits for wholesale payments - use cases are very strong in support of this. Also Internationally ISO20022 is being adopted - Future Payments strategy of USA, if can be aligned from standards point of view with ISO20022 - it will make the US Payments Infrastructure more compatible.**

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?

**Payments Strategy , Infrastructure and Standards for USA , needs greater alignment to international standards like SWIFT ( moving from MT to MX ) - this will have greater benefit in terms of convenience , cost-effectiveness and timeliness .**

### **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?

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

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?

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.