

Proposal: 1831 Expansion of Fedwire Funds Service and National Settlement Service Operating Hours

Description:

Comment ID: 160541

From: Caltech Employees Federal Credit Union, Yasmin Jones

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Comments:

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Thank you for the opportunity to comment on Docket No. OP-1831, which proposes the expansion of the Fedwire Funds Service and the National Settlement Service (NSS) to operate seven days a week, including holidays.

As the AVP Controller at Caltech Employees FCU (CEFCU), a Financial Institution with over \$2B in assets, and almost 40K members, I understand that the world of financial services is rapidly changing. Faster services, continue to get faster, and technology continues to evolve to provide more and more options to businesses and consumers. CEFCU relies on being innovative and providing the right services to our members. We're not full service, our niche has been, offering great daily dividend rates on savings accounts and providing competitive rates on all types of loan products. Members can get a checking account anywhere, with many bells and whistles, but we believe in providing great quality for our products, and hoping to always be the member's first choice in loans, and a safe, secure place to earn more in a savings account that possibly competes with a Money Market account elsewhere.

Our account holders rely on the ability to transfer funds from their above average dividend earning savings accounts, to their checking accounts at other FIs to be able to complete whatever financial transaction they may need to engage in. We currently offer Wires, both domestic and international. We also currently offer A2A same day ACH availability to all our members, with zero fees. We have 3 branches, and a 4th location that is a dedicated Real Estate Center, and houses our Electronic Services Department.

As mentioned in the docket, the option to provide Fed wires, and participating in the NSS beyond the Monday to Friday business day, is voluntary per FI. Financial Institution services drive our business, and mandatory or voluntary, it's the account holder that makes those choices for us. As other Financial Institutions begin to offer the option to perform wires on weekends and holidays, CEFCU would have no choice but to jump onto that band wagon, as the requests begin to trickle in.

As a credit union, we believe the going from a Monday to Friday environment to including weekends and holidays would not be in our best interest. There are numerous obstacles associated with this decision, which may lead to a potentially unwelcomed domino effect. Our concerns regarding this expansion are as follows:

1. According to an article published by Bankrate.com on April 1st, 2024, only six banks currently operate on Sundays, and many businesses in the U.S. remain closed on that day. Who truly benefits from having wire capabilities on weekends or holidays? Real estate transactions would not be impacted, as most title companies are not open on weekends. Check clearing and ACH as well as investment related transactions do not occur on weekends or holidays. We believe that this service would not be beneficial. With many other options available to consumers and businesses as technology

evolves, Fedwires would not be a high priority for financial institutions and will be quite expensive to maintain during weekends and holidays. <https://www.bankrate.com/banking/banks-open-sundays/>.

2. Posting Wires processing on weekends, may cause issues with postings and dividends on accounts. If we decide not to open on a weekend, and not process wires until we come in on a regular business day, if Fed is transacting on the weekends, and posting to our Master Accounts, then we have to post those wires with effective dates. This may cause dividend adjustments to member's accounts and would affect Credit Union financials, potentially when dividend adjustments are processed after the end of the month.

3. Opening on the weekends for CEFCU is not efficient, nor is it cost effective. The personnel, the branch maintenance, the security, the IT personnel required to run things smoothly, and then there's the decisioning of what services would we offer on weekends. Most FIs open on Saturdays, aren't generally open all day, and usually are open to accommodate their account holders who require or request that option. We're an occupational closed membership, and our sponsorship, JPL and Caltech aren't active on weekends.

4. Processing If we decided not to open a physical location on weekends, and opted to process incoming wires remotely with a limited staff, we'd still have to consider the expense related to personnel, hiring more people to avoid overtime scenarios, and the requirement for on call IT staff in case of issues.

5. NSS Currently the process of having NSS process through our Fed account is not issue. We have none, and when we did it was related to settlement, which may be a good option, as settlement would hit our accounts when they should, versus being lumped together on a business day. This process does not affect our members.

6. Another area of concern is how this would affect Real Time Payments (RTP) and ACH transactions. If an FI decided to wait until a business day to process wires, does this delay our decisioning with RTP or ACH? Does this cause more confusion for a business or consumer when trying to figure out when funds are available, and why something was returned? Having to process wires received over the weekend, has the potential of having a domino effect occur when related to ACH, RTP, Debit Card transactions, or over the counter transactions. System upgrades would be necessary, auto posting may need to be considered, decisioning needs to be enhanced when considering when to deny or return an item. Would delays be necessary due to OFAC screening.

7. International Wires How would this be handled? We'd have to work with our partners to see if they're also offering services during the weekends and holidays. What if they're not? We'd be forced to get out of contracts, or look for other vendors. If we're automating, and potentially only receiving incoming wires for auto posts to keep costs down, we still have OFAC requirements, and those hotlines and offices are not available on weekends and/or holidays.

8. FedNow implementation has created a 7-day Fed processing schedule due to the fact that RTP requires 24/7 processing. CEFCU currently doesn't participate with RTP, and is having to think about the options and the competition with our members when it comes to this subject. RTP and upcoming ACH rule changes create a challenging atmosphere when it comes to processing and fraud. If 24/7 access is what consumers are looking for, then the possibility of enhancing RTP products might be a better solution.

Thank you again for the opportunity to voice our concerns and assist in your decisioning.

Sincerely,

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