

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

Description:

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Comment ID: 160507

From: RBC / RBC Clear, Jennifer Huang

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Date: Jun 20, 2024

Proposal: Expansion of Fedwire Funds Service and National Settlement Service Operating Hours [OP-1831]

Document ID: OP-1831

Revision: 1

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Your comment: We welcome this initiative by the Fed for the following reason: o This offering will complement other US rails that are moving the US payment market infrastructure to 24/7/365. o This offering will also address future stress in the system as we observed in 2008 financial crisis when extended Fedwire operating hours were crucial in ensuring the health of our US financial system o This change does not require significant tech investment for the participants since it should entail mostly configuration update from core payment processing stand point. o This change will entail some tech investment in some ancillary functions such as but not limited to Treasury funding, books and records reconciliation and financial reporting. However we see this impacts potentially only some banks but not all banks. Given the recent push on instant payment rails such as RTP and FedNow, many banks should have robust back office ability/infrastructure to support extended working hours for Fedwire. o This change will introduce the need of increased operational staff support over the weekend and holiday to address payment issues. However we believe most banks that will opt in to such extended hour especially on the origination side should have the levers to build up their back office operating model to participate. o This offering also will reduce the need of FIs in the RTP network to prefund their position with TCH for weekend activities, which we deem as a win to the participants as well.