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# United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR  
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September 11, 2024

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve System  
20th Street NW and Constitution Avenue NW  
Washington, DC 20551

Dear Chair Powell:

The proliferation of mobile devices and the expansion of e-commerce underscore the 24/7 nature of business, making it possible for Americans to book flights, buy concert tickets, and shop for gifts at all hours of the day. For most Americans it makes no sense that they must wait for their money to be deposited in their bank accounts. On May 3, 2024, the Federal Reserve Board of Governors (Board) proposed to expand the operating days of the Fedwire Funds Service (FedWire) and National Settlement Service (NSS) to include weekends and holidays. This action is long overdue. For the benefit of consumers, I urge you to adopt the policy change outlined in the Board's proposal and look for ways to expand settlement services to operate 24 hours a day, 7 days a week, 365 days a year.

Fedwire and NSS are large-value payment services operated by the Board. At present, Fedwire and NSS do not operate on weekends and holidays. Under the Board's proposal, both services would operate every day of the year. The proposal maintains Fedwire's existing operating hours of 9:00 p.m. to 7:00 p.m. ET, and NSS's operations, which run from 9:00 p.m. to 6:30 p.m. ET. While this proposal represents a positive step, more must be done. I encourage the Board to explore extending settlement services to operate 24/7/365.

NSS "is a multilateral settlement service that allows for immediate, final, and irrevocable settlement of obligations that arise from private-sector clearing arrangements, such as check clearinghouses, a private-sector ACH network, and securities settlement systems."<sup>1</sup> Automated Clearing House (ACH) payments, facilitated by the ACH network, form the backbone of our country's electronic payment system. Over the past decade, the ACH network increased its volume by nearly 40% and virtually all banks and credit unions participate in the ACH network.<sup>2</sup>

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<sup>1</sup> Board of Governors of the Federal Reserve System. Expansion of Fedwire® Funds Service and National Settlement Service Operating Hours Request for Comment. May 9, 2024, <https://www.federalregister.gov/documents/2024/05/09/2024-10117/expansion-of-fedwire-funds-service-and-national-settlement-service-operating-hours#:~:text=The%20Board%20proposes%20to%20expand,than%20the%20Fedwire%20Funds%20Service>.

<sup>2</sup> <https://www.americanbanker.com/opinion/its-past-time-for-the-fed-to-expand-ach-settlement-to-weekends>.

The ACH network facilitates the vast majority of payments from payroll to tax refunds as well as federal benefits, including veterans' benefits.<sup>3</sup>

Given its ubiquity, it is no surprise that consumer and industry groups support expanding settlement services to weekends and holidays. Expanding settlement services to weekends will benefit the millions of people who use ACH to “pay their mortgages, rent, student loans, credit cards and many other payments.”<sup>4</sup>

Nearly two thirds of Americans report living paycheck-to-paycheck.<sup>5</sup> Expanding settlement services would lower costs for individuals that are vulnerable to overdraft and non-sufficient funds (NSF) fees. The CFPB found that in 2023 Americans paid over \$5.8 billion in combined overdraft and NSF fees.<sup>6</sup> Faster payments help Americans gain access to their money, reducing the likelihood that they will overdraw their accounts or pay a NSF fee.

Faster access to payments would also benefit small businesses. In a 2023 Federal Reserve payments study, businesses reported slow payments as their top payments challenge.<sup>7</sup> Improved cash flow provides businesses with greater liquidity, helping businesses maintain cash on hand to pay their workers, settle debts, and have a financial buffer in case of an emergency.

In addition to expanding ACH settlement services, this proposal also would expand settlement hours for Fedwire, which is used to debit electronic fund transfers across financial institutions. Wire transactions typically are larger-sized transactions, with the average transaction equaling \$5.6 million in 2023. Accordingly, wire transfers are frequently used for cross-border payments, business invoices, and real estate transactions.

It is critical that the implementation of expanded Fedwire services increases speed and efficiency while also protecting wire transfer customers from fraud. Accordingly, I encourage the Board to regularly assess potential operational risks posed by expanded settlement services and continue developing a risk-management framework that sets clear risk-management expectations for participating financial institutions.

Modernizing these systems may be more costly for community banks and smaller financial institutions. To minimize costs and enhance fraud protections, I support the Board's efforts to solicit feedback from community banks and credit unions on best practices for lowering operational and technological adjustment costs. As we expedite payment services, it is imperative that the system support the broad range of financial institutions, including community banks and credit unions.

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<sup>3</sup> <https://stripe.com/resources/more/ach-payments-101>.

<sup>4</sup> <https://www.americanbanker.com/opinion/its-past-time-for-the-fed-to-expand-ach-settlement-to-weekends>.

<sup>5</sup> “New Reality Check: The Paycheck-to-Paycheck Report,” Dec. 2023, <https://www.pymnts.com/data/?category=LendingClub&order=DESC&limit=20&type=study&orderby=date>.

<sup>6</sup> [https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-overdraft-nsf-revenue-in-2023-down-more-than-50-versus-pre-pandemic-levels-saving-consumers-over-6-billion-annually/#:~:text=For%20the%20full%20year%202023,in%202022%20\(Figure%201\)](https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-overdraft-nsf-revenue-in-2023-down-more-than-50-versus-pre-pandemic-levels-saving-consumers-over-6-billion-annually/#:~:text=For%20the%20full%20year%202023,in%202022%20(Figure%201)).

<sup>7</sup> “Federal Reserve Payments Insights Brief: Changing environment places premium on payment speed, choice and control,” May 2023, <https://fedpaymentsimprovement.org/wp-content/uploads/051823-business-research-brief.pdf>

The Board’s proposal notes that expanding settlement services strengthens our nation’s payment system by improving liquidity management, increasing speed and efficiency in cross-border payments, and maintaining the U.S. dollar’s global competitiveness.<sup>8</sup> Finalizing this rule and expanding Fedwire and NSS services to include weekends and holidays, will strengthen our payment system and ensure that Americans using the ACH network gain swifter access to their funds.

Sincerely,



Sherrod Brown  
Chairman  
Senate Committee on Banking,  
Housing, and Urban Affairs



Chris Van Hollen  
United States Senator



Elizabeth Warren  
United States Senator



John Fetterman  
United States Senator



Tina Smith  
United States Senator

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<sup>8</sup> Board of Governors of the Federal Reserve System. Expansion of Fedwire® Funds Service and National Settlement Service Operating Hours Request for Comment. May 9, 2024, <https://www.federalregister.gov/documents/2024/05/09/2024-10117/expansion-of-fedwire-funds-service-and-national-settlement-service-operating-hours#:~:text=The%20Board%20proposes%20to%20expand,than%20the%20Fedwire%20Funds%20Service.>