

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

Description:

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Comment ID: 160582

From: Kirk Jones

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

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Comments:

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Dear FRB:

Expanding the operating hours for Funds Transfers would be a non-event for the bank I work at. If anything, it will increase our Fed account balance when the bank is closed as we receive credit for incoming Wires.

As for extending operating hours of the NSS, if I understand correctly, private clearing networks, such as ECHO, connect to the FED through the National Settlement Service. Banks that do not participate in private clearing networks may be disproportionately affected merely because the Fed is the sole connection point to the outside world. Private networks may continue to hand-off transactions to the Fed while banks are closed, which will immediately affect the recipient bank's Fed account. While ACH files are generally a mixture of debits/credits, forward collection checks are exclusively debits. A bank officer might arrive at work on a Monday to see an overdrawn Fed account. This could be a potential sore spot.

Banks that already participate in private clearing networks would see little impact, if any. The schedule of those networks will probably remain unchanged for their members.

The announcement said nothing about changing return deadlines and I do not believe changes to "presentment" or "return" deadlines are impacted by the expanded operating hours. However, if there are changes that correspond to the expanded operating hours, that may cause a problem with community banks. All would need to accommodate 7 x 365 processing to match the Fed schedule.

Until we understand the impact upon return deadlines, I recommend that Fed officials watch for savvy operators who attempt to move up the deadline for returns. Recipient banks need time to receive and process incoming items that should not be changed due to new operating hours.

Thank you for taking my comments.

Regards,

Kirk Jones