



VIA EMAIL to [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

September 5, 2024

Ms. Ann Misback, Secretary  
Board of Governors of the Federal Reserve System

RE: Docket No. OP-1831- Expansion of Fedwire Funds Service and National Settlement Service (NSS) Operating Hours

On behalf of the NEACH Board of Directors, members and staff, thank you for the opportunity to provide input on the proposal to expand Fedwire Funds Service and National Settlement Service (NSS) operating hours.

NEACH held several meetings and roundtable discussion with our members, mostly comprised of financial institutions with asset sizes ranging from 100 million to 5 billion, to discuss this proposal. All FIs involved in the discussion send and receive both wires and ACH entries.

Those FIs that were part of the discussions were neither entirely in agreement with nor completely against the adoption of the proposed operating changes. The consensus was that this will need to happen at some point but to get there it would require upgrades to systems and software, changes to staff or reimagining what staffing looks like, controls to address increased fraud risks, liquidity flexibility and updates to policies and procedures. Answers and comments to the specific questions with the Request for Comment follow.

**1. What are the primary benefits to the banking industry, financial markets and the broader economy from an expansion of Fedwire Funds Service and NSS Operating Hours? What are the benefits to your organization?**

Members present for the discussions and staff agree at a high level that expanding the operating hours of the Fedwire Funds Service and the National Settlement Service (NSS) to include weekends and holidays offers several key benefits:

1. **Enhanced Liquidity Management:** Financial institutions would have more flexibility in managing their liquidity, as they could settle transactions every day of the year. This could help reduce liquidity risks and improve overall financial stability.
2. **Reduced Settlement Risks:** By allowing transactions to be settled more frequently, the proposal could help minimize the risks associated with delayed settlements. This is particularly beneficial during periods of market stress.
3. **Alignment with Global Standards:** Many international financial systems already operate on a 24/7 basis. Extending the operating hours of Fedwire and NSS would help align the U.S. financial system with global standards, making it more competitive and efficient.
4. **Support for Non-Bank Financial Institutions:** The extended hours would benefit not only traditional banks but also non-bank financial institutions,



such as fintech companies, by providing them with more opportunities to settle transactions and manage their funds.

5. **Consumer Benefits:** Ultimately, consumers could benefit from faster and more reliable payment services. This could lead to improved customer satisfaction and greater trust and access in the financial system.
6. **Operational Resilience:** Continuous operation could enhance the resilience of the financial system by ensuring that critical payment and settlement services are always available, even during emergencies or unexpected

**2. What will be the primary sources of demand for expanded hours for the Fedwire Funds Service and NSS, from 22x5 to 22x7x365? What types of transactions or institutions are most likely to generate demand for the ability to make payments during weekend hours? What additional use cases could be satisfied with the expansion to full 24x7x365 operating hours? Would they represent sources of new and additional volume that could flow over the Fedwire Funds Service, a shift of existing volume over the service or both?**

The feeling was that this would most likely create more demand from businesses as opposed to consumers. Consumers can currently use P2P apps that are utilizing instant payment rails 24/7/365. Corporates and those sending and receiving wires and ACH entries that exceed current dollar limits on the instant payment rails maybe a natural use case. Members by a small margin also felt they maybe able to do some lending over the weekends under the new proposal. Those feelings are offset by a number of FIs who felt that the work effort maybe too substantial if they don't have volume either sending or receiving.

**3. How might expanded operating hours of the Fedwire Funds Service and NSS support private-sector innovation?**

The members included in the discussions did not have specific thoughts on innovation in the private sector. Several members felt that they could innovate customer service applications and do more at banking centers.

**4. How does the existence of the FedNow Service affect your views of the benefits of expanded hours for the Fedwire Funds Service and NSS? How do you anticipate using these services in the future?**

Most of the members included in the discussion felt that volumes will continue to grow with instant payments but not sure how that would impact this proposal without knowing how this change would impact the other payment systems.

**5. Do you prefer an interim expansion of operating hours before moving to 22x7x365? If so, what operating hours for the Fedwire Funds Service and NSS would be most useful for your institution? What considerations factor into your preference?**



There was not a real clear preference however the common factors for consideration were system readiness, core providers and staff issues as the biggest factors.

**6. What is your preferred timeline for a potential expansion of Fedwire Funds Service and NSS operating hours to 22x7x365? What considerations factor into your preference (for example, demand, time to implement changes, adjustments to staffing and internal systems, other major industry milestones or payment system improvements)?**

The considerations surrounded around technology advancements, ability to staff properly and risk mitigation controls being readily available.

**7. Are you interested in full 24x7x365 operating hours for Fedwire Funds Service and NSS? If so, what is your preferred time frame for such an expansion of operating hours? What considerations factor into your preference?**

90% of members did not have interest in going to full 24x7x365 operating hours for Fedwire Funds Service and NSS. Again, staffing and technology were the biggest factors cited.

**8. What costs and risks would arise for the banking industry, financial markets and broader economy from an expansion to 22x7x365 of Fedwire Funds Service and NSS operating hours? What are the costs and risks to your institution? What is the estimated incremental cost on a percentage basis to support 22x7x365 operating hours for the Fedwire Funds Service and NSS? What are the implications for competitiveness?**

Costs for additional staffing and costs related to technology needs to make this happen were the major cost cited. The members felt expanded hours would create a wider gap between smaller and larger FIs. Increased fraud was also cited as a risk.

**9. What are the ways in which benefits, costs or risks of 22x7x365 Fedwire Funds Service and NSS could vary for different types of market participants (for example, for smaller institutions, non-traditional participants or participants in particular time zones)?**

Some members felt this could help them with servicing clients in different time zones to enable deposit growth. The West Coast banks would benefit the most from this change. Cross border payments may bring more risk than domestic items according to the members involved in the discussions.

**10. Are there infrastructure-related market conditions or barriers (for example, the availability of short-term funding markets over the weekend) that may prevent or reduce your firm's ability to fully achieve the potential benefits of 22x7x365 operating hours for the Fedwire Funds Service and NSS? If so, what are**



**they? What steps might the industry and/or Federal Reserve take to remove such barriers?**

- Staffing
- Core System and downstream application limitations
- AML Monitoring
- IT Infrastructure Costs

**11. The Federal Reserve plans to maintain the ability to opt out of expanded hours. How would the optionality with respect to participating in a 22x7x365 operating hours environment of the Fedwire Funds Service and NSS, as described in this notice, benefit or challenge your institution or the broader industry? What steps might the Federal Reserve take to augment potential benefits? What steps might the Federal Reserve take to mitigate potential costs and risks?**

Members had a lot of questions about optionality. Could they just do a Saturday instead of Sunday for example. Some members felt that due to market competition it would ultimately not be optional. This question was also hard to answer not knowing what it would look like for all the payment systems.

**12. How does your institution anticipate managing liquidity needs in an expanded hours environment? Is the availability of discount window loan originations on weekends and holidays a prerequisite for expanded operating hours for the Fedwire Funds Service and NSS? If so, should the discount window be available 22x7x365, or alternatively, during certain defined hours on weekends and holidays? During what hours should discount window loan originations be available?**

Many felt that if you are going to ask the banks to expand processing hours than you must make the discount window available. Concerns were also raised around staffing for the accounting related to the activity and maybe needing to keep higher balances in the reserve account and not have the ability to invest those funds.

**13. What effects, if any, on funding market activity should be considered when considering the proposal?**

Members were unsure of this impact but do expect wholesale funding to expand to the weekends and holidays as well if the proposal moves forward.

**14. Describe enhancements or initiatives that Federal Reserve Banks should consider in addition to, or in the context of, expanded hours for the Fedwire Funds Service and NSS. How would such potential enhancement be used in the context of expanded hours? Are there any potential service enhancements that should be prioritized ahead of expanded hours?**



- Directory Services
- OFAC Monitoring

**15. Please describe any other considerations that you believe should be considered as the Board contemplates expansion of operating hours for the Fedwire Funds Service and NSS?**

How this proposal would affect correspondent banking relationships.

Sincerely,

Sean Carter, AAP, APRP  
President & CEO  
NEACH and NEACH Payments Group

*NEACH is a regional payments association that provides advocacy, guidance and education to over 380 Financial Institutions.*