

July 27, 2019

United States House of Representatives  
Washington, D.C. 20515

Re: Support the Federal Reserve's Proposal to Develop a Real-Time Gross Settlement Service

Dear Representative,

The below signed trade associations proudly represent over one million U.S. retailers and merchants. Our respective associations' members include some of the world's largest retailers to single store family owned establishments and everyone in between. According to *The Nilson Report*, U.S. retailers accepted over \$6 trillion in electronic card payments in 2018. While the number of card transactions continues to grow, innovation and speed of payment here in the U.S. has remained stagnant leaving us at a disadvantage on the world economic stage. We write today to express our strong support for the Board of Governors of the Federal Reserve's proposal to develop a real-time gross settlement (RTGS) service and ask for you to join us in encouraging the Federal Reserve to move forward with creating this service.

The U.S. economy and consumer never sleeps. Many of our members' doors are open, or they are accepting online transactions, 24 hours a day, seven days a week, 365 days a year. While retail is always open for business, it can still take days to settle debit card transactions. This delay in settlement traps billions of dollars in transit between banks rather than being in a retailer's account providing liquidity and resources needed to conduct and grow their businesses. The challenges these delays present are mirrored on the customer side. Retailers often hear from their customers about the length of time it takes for a transaction to actually post to their account. Even more, the delay in refunds to customers' accounts are particularly harmful to, underbanked, and those living on a limited or fixed income. This problem can also be compounded with overdraft fees resulting from the time it takes to clear and settle a transaction.

With this in mind, we were pleased when the Federal Reserve solicited comments from all industry stakeholders to potentially create and develop an RTGS service for the U.S. economy. Several of our associations and members submitted comments in strong support of the proposal, seeing it as an essential step that would benefit retailers, the

American consumer and various other stakeholders in the payments system. Only the Federal Reserve is positioned to stand up a truly ubiquitous, equitable and competitive RTGS system that benefits all players, but most importantly the American consumer.

Retailers and other stakeholders have learned over the decades, the lack of competition in the U.S. payments space has stifled innovation and put us at a disadvantage globally. Around the world, advanced and emerging economies are partnering with payments industry leaders and central banks to bring faster payments to market benefiting their citizens. Faster payments in the U.S. will become foundational to the operation of our economy, and this new utility must not be solely owned and operated by the nation's largest financial institutions. It would be nearly impossible to create the infrastructure necessary to ensure equitable access to enough banks – particularly small independent institutions – to achieve ubiquity. We firmly believe the Federal Reserve should move forward with the next phase in creating an RTGS platform that will spur innovation and invite new competitors into the U.S. payments ecosystem, which will benefit everyone.

We thank you for your attention to this important issue and ask for your support. The Federal Reserve should move forward with an RTGS system to ensure the American payments system no longer trails in this arena but is a global leader that focuses on competition and innovation.

Sincerely,

Food Marketing Institute  
Merchant Advisory Group  
National Association of Convenience Stores  
National Association of Truck Stop Operators  
National Grocers Association  
National Retail Federation  
Retail Industry Leaders Association