

Partner Ryan Stinneford comments for Law360 on Federal Reserve's real-time payments plan

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On August 9, *Law360* published an article on the possible legal challenges the Federal Reserve may face in opposition to its plans to move forward with a real-time payments system. According to *Law360*, last week's announcement by the Federal Reserve of its intent to build the "FedNow Service" put an end to speculation about how the Fed would seek to deliver on its longstanding policy goal of modernizing the infrastructure over which retail payments travel in the U.S., positioning it to compete against the private sector as a faster-payments provider.

The Clearing House (TCH), a consortium of some of the country's biggest banks, operates a faster-payments network that has been running since 2017. According to TCH, its Real Time Payments (RTP) network currently links up more than half of U.S. demand deposit accounts and is on track to reach "nearly all" of the rest by 2020. FedNow isn't supposed to come online until 2023 or 2024. Given that faster-payments providers already exist or are emerging in the market, and given how far behind the Fed would be with its own offering, Partner [Ryan Stinneford](#) told *Law360* that there has already been skepticism from critics that the Fed can plausibly find a need for its own involvement as a service provider.

"I do think that is a hook for a potential challenge, particularly where the one identified private sector service that would compete with the Fed has itself said that it will have full penetration of the bank market in the coming period of time before the Fed can get its up and running," said Ryan. "You can argue with the conclusions of both sides, but it does seem to me to be somewhat open to challenge."

Ryan is a partner in the firm's Maine office. He assists clients with a wide variety of federal, Maine and Massachusetts regulatory compliance matters. Ryan's retail financial compliance experience includes prepaid access, consumer and commercial deposit products, electronic banking and payment services, consumer finance products (residential mortgages, home equity loans/lines, personal loans/lines, credit cards, student loans, auto loans and leases, and retail installment sales contracts), marketing and advertising issues, privacy and data security issues, and vendor contracting/third party risk management issues.

Subscribers to *Law360* may [click here](#) to read the full article.

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