



September 4, 2024

Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

**Re: Expansion of Fedwire® Funds Service and National Settlement Service
Operating Hours, Docket No. OP-1831**

Filed electronically via: <http://www.federalreserve.gov>

Dear Ms. Misback:

CrossState Credit Union Association (CrossState) appreciates the opportunity to share comments from our members on the Federal Reserve's (Fed) proposal to expand the operating hours of the Fedwire® Funds Service and the National Settlement Service (NSS).

CrossState is a regional trade association that advocates for nearly five hundred credit unions located in the State of New Jersey and Commonwealth of Pennsylvania. Credit unions were formed for the purpose of making credit available to Americans and promoting thrift through a national system of nonprofit, cooperative financial institutions. Credit unions are owned by their members and controlled by volunteer boards of directors elected by their membership. Earnings of credit unions are returned to members through fewer and lower fees, higher yields on savings, and lower loan interest rates.

CrossState and its member credit unions recognize that the proposed expansion of operating hours aims to improve the safety and efficiency of the U.S. payment system. While we understand and appreciate that adopting the expanded operating hours is optional, the largest financial institutions can easily absorb the costs of the expanded hours, while smaller institutions may find the cost to implement too exorbitant to participate. The expanded operating hours will allow the larger financial institutions a competitive advantage to provide benefits to their customers that some smaller institutions will not be able to offer.

The increase in operating hours will require financial institutions to add more employees, leading to additional costs for hiring, training, and turnover. Extending staff hours to cover this expansion will increase overall employment expenses, including benefits and payroll. Credit unions anticipate the proposed changes will result in longer hours for their funds transfer departments, as well as finance, customer service, and compliance departments. Additionally, credit unions find it challenging to retain staff who primarily work weekends, holidays, and extended hours. The extension of the Fed's operating hours would result in higher costs for credit unions.

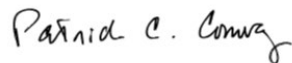
The expanded operating hours tend to blur the lines between the different payment rails that are available to consumers and businesses to use. An unintended consequence could result from real-time payments, ACH, wires, and FedNOW services being difficult to distinguish from each other, making it more difficult to ensure consumers and businesses know the advantages and risks of each service compared to the others.

The expansion in operating hours may also increase the risk of ACH and wire fraud on the weekends and holidays. Weekends and holidays currently see an increase in debit and credit card fraud. Fraudsters are likely to see an opportunity for other forms of fraud during the expanded hours. As the proposal itself notes, the expanded hours could increase the risk of cyberattacks happening at any time.

CrossState recommends that the Fed does not expand its operating hours as the proposal indicates and should commit to further study of the effects on smaller financial institutions. If the operating hours are expanded, the timeline for implementation should be at least two years after the implementation of the ISO 20022 standard or the passage of the Final Rule, whichever is later.

Thank you for the opportunity to comment.

With best regards,



Patrick C. Conway
President & CEO

cc: CrossState Board
CrossState Government Relations Committee
CrossState Regulatory Review Committee