

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To amend the Expedited Funds Availability Act to require that funds deposited be available for withdrawal in real time and to require the Board of Governors of the Federal Reserve System to create a real time payment system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. PRESSLEY introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Expedited Funds Availability Act to require that funds deposited be available for withdrawal in real time and to require the Board of Governors of the Federal Reserve System to create a real time payment system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Payments Moderniza-
5 tion Act of 2019”.

1 **SEC. 2. REQUIREMENT THAT FUNDS DEPOSITED BE AVAIL-**
2 **ABLE FOR WITHDRAWAL IN REAL TIME.**

3 (a) EXPEDITED FUNDS AVAILABILITY SCHED-
4 ULES.—Section 603 of the Expedited Funds Availability
5 Act (12 U.S.C. 4002) is amended—

6 (1) in subsection (a)—

7 (A) in paragraph (1)—

8 (i) by striking “Except as provided in
9 subsection (e) and in section 604, in” and
10 inserting “In”; and

11 (ii) in the matter following subpara-
12 graph (B) by striking “not later than the
13 business day after the business day on
14 which” and inserting “in real time when”;

15 (B) in paragraph (2) by striking “not later
16 than the business day after the business day on
17 which” and inserting “in real time after”; and

18 (C) in the subsection heading by striking
19 “NEXT BUSINESS DAY” and inserting “REAL
20 TIME”;

21 (2) by striking subsection (b) and inserting the
22 following:

23 “(b) PERMANENT SCHEDULE.—Funds deposited in
24 an account at a depository institution by a check drawn
25 on a local or nonlocal originating depository institution
26 shall be available for withdrawal in real time.”;

1 (3) by striking subsection (c);

2 (4) by striking subsection (d);

3 (5) by redesignating subsections (e) and (f) as
4 subsections (c) and (d), respectively;

5 (6) in subsection (c), as redesignated by para-
6 graph (5)—

7 (A) in paragraph (1)(A)—

8 (i) by striking “Not more than 4 busi-
9 ness days shall intervene between the busi-
10 ness day a” and inserting “A”;

11 (ii) by inserting a comma after “sub-
12 paragraph (B)”;

13 (iii) by striking “is”; and

14 (iv) by striking “and the business day
15 on which funds from such deposit are
16 available for withdrawal” and inserting
17 “shall be available for withdrawal in real
18 time”; and

19 (B) in paragraph (2)—

20 (i) by striking “, (b), and (c)” and in-
21 serting “and (b)”;

22 (ii) in the paragraph heading by strik-
23 ing “TEMPORARY AND PERMANENT
24 SCHEDULES” and inserting “PERMANENT
25 SCHEDULE”; and

1 (7) in subsection (d), as redesignated by para-
2 graph (5), by striking “(c), or (e)” and inserting “or
3 (c)”.

4 (b) SAFEGUARD EXCEPTIONS.—Section 604 of the
5 Expedited Funds Availability Act (12 U.S.C. 4003) is
6 amended—

7 (1) in subsection (a)—

8 (A) in paragraph (1)—

9 (i) in the matter following subpara-
10 graph (D) by striking “on the business day
11 after the business day on which such cash
12 or funds are deposited or, in the case of a
13 wire transfer, on the business day after the
14 business day on which” and inserting “in
15 real time after such cash or funds are de-
16 posited or, in the case of a wire transfer,
17 in real time after”; and

18 (ii) in the paragraph heading by strik-
19 ing “NEXT BUSINESS DAY” and inserting
20 “REAL TIME”;

21 (B) in paragraph (2)—

22 (i) by striking “, 603(c),”; and

23 (ii) by striking “603(e)” and inserting
24 “603(c)”; and

1 (C) by striking paragraph (3)(B) and in-
2 serting the following:

3 “(B) any such funds deposited in excess of
4 such amount shall be available for withdrawal
5 in real time.”;

6 (2) in subsection (b) by striking “(c), or (e)”
7 and inserting “or (c)”;

8 (3) in subsection (c)(1) by striking “(c), and
9 (e)” and inserting “and (c)”;

10 (4) in subsection (d) by striking “(c), and (e)”
11 and inserting “and (c)”.

12 (c) MISCELLANEOUS PROVISIONS.—Section 607 of
13 the Expedited Funds Availability Act (12 U.S.C. 4006)
14 is amended—

15 (1) by striking subsections (a) and (b); and

16 (2) by redesignating subsections (c) through (f)
17 as subsections (a) through (d), respectively.

18 (d) REGULATIONS AND REPORTS BY BOARD.—Sec-
19 tion 609 of the Expedited Funds Availability Act (12
20 U.S.C. 4008) is amended—

21 (1) by striking subsections (d) and (f); and

22 (2) by redesignating subsection (e) as sub-
23 section (d).

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect after the end of the 3-year
3 period beginning on the date of enactment of this Act.

4 **SEC. 3. REAL TIME PAYMENT SYSTEM.**

5 (a) IN GENERAL.—The Board of Governors of the
6 Federal Reserve System shall create a real time payment
7 system that—

8 (1) at a minimum, conforms with the principles
9 outlined in the final report of the Faster Payments
10 Task Force of the Federal Reserve System;

11 (2) allows end users have fast access to funds,
12 in speeds approaching real time;

13 (3) operates as a utility, allowing end users to
14 reach any other end user, including unbanked, un-
15 derserved, and cross-border end users, regardless of
16 the solution used by the end user;

17 (4) prioritizes safety and soundness, consumer
18 health, efficiency, and other relevant public interest
19 considerations;

20 (5) provides end users with the confidence and
21 trust in the safety and security of the system by en-
22 suring that—

23 (A) fraud and errors are minimized and re-
24 solved quickly; and

1 (B) the assets, accounts, and information
2 of the end user are protected, even as payments
3 cross different solutions;

4 (6) has transparent operating information; and

5 (7) ensures that there are no volume discounts
6 made that disadvantage smaller financial institu-
7 tions.

8 (b) SEMI-ANNUAL IMPLEMENTATION REPORT.—The
9 Board of Governors of the Federal Reserve System shall
10 issue a semi-annual report to the Committee on Financial
11 Services of the House of Representatives and the Com-
12 mittee on Banking, Housing, and Urban Affairs of the
13 Senate on the implementation of a real time payment sys-
14 tem, including—

15 (1) an updated estimate on when a real time
16 payment system will become active; and

17 (2) efforts to ensure the real time payment sys-
18 tem will meet the requirements described under
19 paragraphs (1) through (7) of subsection (a).

20 (c) IMPLEMENTATION DEADLINE.—

21 (1) 3-YEAR DEADLINE.—The Board of Gov-
22 ernors shall implement a real time payment system
23 before the end of the 3-year period beginning on the
24 date of enactment of this Act.

1 (2) FAILURE TO MEET DEADLINE.—If the
2 Board of Governors fails to implement a real time
3 payment system before the deadline required under
4 paragraph (1), then until such time as a real time
5 payment system is implemented—

6 (A) the Chairman of the Board of Gov-
7 ernors shall testify annually before the Com-
8 mittee on Financial Services of the House of
9 Representatives and the Committee on Bank-
10 ing, Housing, and Urban Affairs of the Sen-
11 ate—

12 (i) to provide a progress report on the
13 implementation of a real time payment sys-
14 tem; and

15 (ii) to explain the failure of the Board
16 of Governors to meet the deadline; and

17 (B) the Board of Governors shall provide
18 a monthly report to the committees described
19 under subparagraph (A) detailing the progress
20 on implementation and any reasons for contin-
21 ued delay.

22 (d) REAL TIME PAYMENT SYSTEM DEFINED.—In
23 this section, the term “real time payment system” means
24 a payment-by-payment interbank settlement system that

1 facilitates settlements in real time and at any time, on
2 any day, including weekends and holidays.

3 **SEC. 4. GAO STUDY ON PAYMENTS SYSTEMS.**

4 (a) STUDY.—The Comptroller General of the United
5 States shall carry out a study on existing payments sys-
6 tems in the United States.

7 (b) REPORT.—The Comptroller General shall issue a
8 report to the Committee on Financial Services of the
9 House of Representatives and the Committee on Banking,
10 Housing, and Urban Affairs of the Senate containing—

11 (1) all findings and determinations made in car-
12 rying out the study required under subsection (a);
13 and

14 (2) any regulatory or legislative recommenda-
15 tions the Comptroller General may have to improve
16 payments systems in the United States, including
17 any recommendations for amendments to the Expe-
18 dited Funds Availability Act or the Electronic Fund
19 Transfer Act that would promote consumer protec-
20 tion, reduce fraud, or promote strong cybersecurity.