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National Association of Federally-Insured Credit Unions

August 8, 2022

Natalia Li
Deputy Director, Office of Financial Institutions Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Ensuring Responsible Development of Digital Assets; Request for Comment Document No. 2022-14588

Dear Ms. Li:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in response to the U.S. Department of Treasury's (Treasury) request for comment (RFC) on ensuring responsible development of digital assets, including central bank digital currency (CBDC). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 131 million consumers with personal and small business financial service products.

Digital assets and related applications offer the credit union community an opportunity to explore safe and responsible methods for helping members engage with innovative technologies and platforms to manage their finances. Some credit unions have engaged third party broker-dealers to help their membership identify trusted parties to manage their digital assets, and some credit union vendors have considered how digital assets might complement payment focused strategies.

In all cases, credit unions interested in engaging with digital assets are careful to perform thorough due diligence and evaluate all applicable law and regulation before establishing vendor relationships. This established culture of compliance ensures that strong consumer protections exist for anyone who uses a credit union as a conduit for interacting with the digital asset marketplace. However, outside the regulatory perimeter of credit unions and other insured depository institutions, nonbank entities offering digital asset services may not be subject to the same expectations or rules. Digital assets can present unique fraud, theft, money laundering, financial stability, and consumer protection risks, all of which are magnified in the absence of appropriate federal oversight and supervision. Accordingly, NAFCU supports a framework for regulating digital assets that accommodates responsible innovation within the credit union industry while also ensuring that standards exist to promote safety and soundness, mitigate financial stability risks, protect consumers and investors, and prevent financial crime.

Risks in Digital Assets Financial Markets

In little more than five years, the cryptocurrency market's value rose from roughly \$14 billion in November 2016 to \$3 trillion in November 2021. In June 2022, the market receded to a total value of just under \$1 trillion. Although the volatility of cryptocurrencies has long been recognized as a

risk, the magnitude of recent market fluctuations should lend urgency to federal agency efforts to develop an appropriate regulatory framework for digital assets.

The recent bankruptcies of cryptocurrency lenders have also demonstrated the fragility of novel business models to unexpected downturns in digital asset markets and the broader economy.¹ Notably, the entities involved in these bankruptcies were not subject to the same comprehensive prudential standards applicable to insured depository institutions which are designed to ensure minimum capital and liquidity.

Crypto bankruptcies have also exposed gaps in investor understanding about how accounts are structured and whether digital asset holdings are protected in bankruptcy proceedings or subordinate to creditor claims.² Misleading statements made by one bankrupt crypto platform about the applicability of Federal Deposit Insurance Corporation (FDIC) coverage has even prompted the FDIC to issue a bulletin warning that some crypto companies “have represented to their customers that their products are eligible for FDIC deposit insurance coverage, which may lead customers to believe, mistakenly, that their money or investments are safe.”³

Technological risks associated with certain digital asset business models have also revealed fatal weaknesses. The collapse of TerraUSD demonstrated that algorithmically backed stablecoins can fall victim to their own equivalent of a bank run, such as when the price of a digital asset falls below its price peg and the minting or destruction of new stablecoin-linked units of account cannot support demand for redemptions in the target price range.⁴

The lessons learned from run-like scenarios on algorithmic stablecoins highlight need for greater transparency and disclosure of the reserves used to support the price of a supposedly stable asset. At the same time, the perceived quality of stablecoin reserves relative to commercial bank deposits could potentially influence the availability of bank or credit union liquidity or constrain credit availability, particularly in times of crisis.⁵ The President’s Working Group on Financial Markets in its Report on Stablecoins observed that “[t]he perception of the safety of insured depository institutions relative to stablecoins could also shift during times of stress, with large and sudden inflows or outflows of deposits possible.”⁶ Accordingly, future policy aimed at addressing the adequacy of stablecoin reserves must not impair mechanisms supporting maturity transformation at credit unions and other insured depository institutions.

¹ See Sigalos, MacKenzie, “From \$25 billion to \$167 million: How a major crypto lender collapsed and dragged many investors down with it,” CNBC (July 17, 2022), available at <https://www.cnbc.com/2022/07/17/how-the-fall-of-celsius-dragged-down-crypto-investors.html>; see also Browne, Ryan, “Crypto brokerage Voyager Digital files for Chapter 11 bankruptcy protection,” CNBC (July 6, 2022); available at <https://www.cnbc.com/2022/07/06/crypto-firm-voyager-digital-files-for-chapter-11-bankruptcy-protection.html>.

² See Ligon, Cheyenne, “Celsius Bankruptcy Filings Hint Retail Customers Will Bear Brunt of Its Failure,” Coinbase (July 18, 2022), available at <https://www.coindesk.com/business/2022/07/18/celsius-bankruptcy-filings-hint-retail-customers-will-bear-brunt-of-its-failure/>.

³ See FDIC, “Advisory to FDIC-Insured Institutions Regarding Deposit Insurance and Dealings with Crypto Companies,” FIL-35-2022 (July 29, 2022).

⁴ See Congressional Research Service, “Algorithmic Stablecoins and the TerraUSD Crash,” 1-2 (May 16, 2022), available at <https://crsreports.congress.gov/product/pdf/IN/IN11928>.

⁵ See President’s Working Group on Financial Markets, Report on Stablecoins, 14 (November, 2021).

⁶ *Id.*

To protect investors and consumers from crypto platforms that fail to meet minimum safety and soundness requirements, or who fail to provide adequate disclosure about the risks associated with their products, Treasury should also recommend that nonbank issuers of digital assets engaged in bank-like activities adhere to the same standards and supervisory expectations applicable to insured depository institutions, such as credit unions. In some respects, Treasury already appears to favor such an approach with respect to stablecoin assets. As noted in the Report on Stablecoins, to address prudential risks associated with the use of stablecoins as a means of payment, Congress should act “promptly to ensure that payment stablecoins are subject to appropriate federal prudential oversight on a consistent and comprehensive basis.”⁷

The Report on Stablecoins recommends that Congress limit stablecoin issuers to insured depository institutions, but Treasury has never clarified whether a related citation to the Federal Deposit Insurance Act should be read as limiting those institutions to banks and savings associations.⁸ To the extent that Treasury believes that insured depository institutions are suitable vehicles for stablecoin issuance, redemption and reserve maintenance activities, NAFCU recommends clarifying that this group includes federally insured credit unions, which are already subject to comprehensive prudential standards, consumer protection laws, and are examined on a regular basis by their functional regulator: the National Credit Union Administration (NCUA). NAFCU asks that this clarification be communicated conspicuously, such as with an addendum to the Stablecoin Report or through an official statement to ensure that stablecoin related legislation does not inadvertently discriminate against credit unions as a class of federally insured institutions. Furthermore, to better understand the role credit unions might play as responsible participants in the digital assets marketplace, NAFCU encourages Treasury to consult the NCUA as it develops the reports required under Executive Order 14067, “Ensuring Responsible Development of Digital Assets” (the EO).

Opportunities for Credit Unions and Their Members

As required under § 5(b)(i) of the Executive Order, Treasury is charged with producing a report on the implications of developments and adoption of digital assets and changes in financial market and payment system infrastructures for consumers, investors, businesses, and for equitable economic growth.

In the context of promoting opportunities for credit unions, their members, and equitable growth, Treasury should prioritize a policy framework for digital assets that emphasize several key principles:

1. a level playing field for credit unions, banks, and other financial companies seeking to engage with digital asset technologies;
2. the application of consumer protection laws to entities facilitating consumer engagement with digital assets; and
3. support for responsible innovation within the credit union industry.

⁷ President’s Working Group on Financial Markets, Report on Stablecoins, 16 (November 2021).

⁸ *See id.*

With respect to the possible introduction of a CBDC, NAFCU believes the cost of pursuing such an initiative would far outweigh any of the hypothesized benefits. As noted in NAFCU's prior comments to the Federal Reserve and Department of Commerce, administration of a CBDC would distract from the Federal Reserve's dual mandate of achieving both stable prices and maximum sustainable employment, while risking significant disruption to the stability and role of credit unions and other depository institutions.⁹

NAFCU supports a competitive framework for digital assets that preserves credit unions' ability to compete with other financial institutions and companies on a level playing field.

Historically, credit unions have served a unique function in the delivery of financial services to Americans. Established by an act of Congress in 1934, the federal credit union system was recognized as a way to promote provident credit and to make financial services available to people, many of whom otherwise would have no access to affordable credit. Credit unions are not-for-profit cooperatives owned and governed by their members who elect volunteer boards of directors under a principle of "one member one vote."

Federally-insured credit unions (FICUs) are subject to a comprehensive framework of federal prudential and consumer financial protection regulation and are regularly examined either by the NCUA or their appropriate state supervisory authority (SSA). The largest credit unions (those with \$10 billion or more in total assets) are also supervised by the Consumer Financial Protection Bureau (CFPB). An equivalent system of safety and soundness oversight and consumer protection supervision does not always apply to other companies offering digital asset products to consumer or investors. In some cases, unregulated or underregulated entities may be operating in areas where the application of consumer protection law to a particular business model is unclear. In other cases, such as those involving decentralized organizations, structural gaps in the current landscape of financial regulation frustrate efficient supervision and enforcement activity, a fact acknowledged by federal banking regulators in the Report on Stablecoins.¹⁰

FICUs seeking to facilitate member engagement with digital assets may only do so by following all applicable laws and regulations, which can impose significant restraints on activity that the broader digital asset marketplace takes for granted. For example, the authority of FICUs to provide digital asset custodial services remains an unanswered question, whereas banks supervised by the Office of the Comptroller of the Currency (OCC) have benefited from affirmative clarification in this area and others.¹¹ NCUA guidance has, however, acknowledged the existing authority of

⁹ See NAFCU, Letter to Board of Governors of the Federal Reserve System re: "Money and Payments: The U.S. Dollar in the Age of Digital Transformation," (May 20, 2022), available at <https://www.nafcu.org/comment-letter-federal-reserve-central-bank-digital-currency-File>; see also NAFCU, Letter to U.S. Department of Commerce, re: Developing a Framework on Competitiveness of Digital Asset Technologies, Docket ITA-2022-0003 (July 5, 2022), available at <https://www.nafcu.org/comment-letter-commerce-department-digital-asset-technologies-File>.

¹⁰ See President's Working Group on Financial Markets, Report on Stablecoins, 2 (November 2021), available at https://home.treasury.gov/system/files/136/StableCoinReport_Nov1_508.pdf.

¹¹ See e.g., OCC, Interpretive Letter #1170 (July 22, 2020) (providing cryptocurrency custodial services is permissible in both non-fiduciary and fiduciary capacities); OCC, Interpretive Letter #1172 (September 21, 2020) (banks may hold dollar deposits serving as reserves backing stablecoin in certain circumstances); OCC, Interpretive Letter #1174 (January 4, 2021) ("banks may buy, sell, and issue stablecoin to facilitate payments.").

FICUs to provide digital asset related services by engaging a registered broker-dealer and has informed FICUs that they may utilize distributed ledger technology, provided its use conforms with applicable law and regulation.¹²

In terms of cultivating a regulatory environment conducive to broader adoption of digital assets, particularly one that is inclusive of underserved populations, Treasury should ensure that credit unions are able to operate on a level playing field relative to nonbank entities. This objective can be supported by encouraging the NCUA to support modern and forward-thinking regulation that is responsive to the changing financial habits of American consumers.

In September 2021, NAFCU submitted comments to the NCUA that described in detail how the agency might pursue these objectives.¹³ Included in NAFCU's recommendations was the principle of a form-agnostic approach and common taxonomy for assessing digital assets and the application of related technologies. NAFCU has also encouraged the NCUA to support a credit union sandbox and pilot program to permit structured engagement with digital assets without the fear of uncertain compliance risks. Similar programs and initiatives extended to credit unions at other federal agencies that may be charged with regulating digital asset activities would also have value. Accordingly, NAFCU encourages Treasury to facilitate collaboration among federal banking regulators to ensure that experimental pilot programs and regulatory sandboxes are broadly accessible to credit unions and that participation in these programs is not cost prohibitive or contingent on the size of a particular institution.

A framework aimed at fostering equitable growth and opportunity for credit unions should also seek to mitigate the potential for regulatory arbitrage by emphasizing the applicability of transparent prudential oversight (e.g., safety and soundness compliance for entities seeking access to the Federal Reserve's payment system), and the application of consumer financial law to entities engaged in providing digital asset services to consumers. Additionally, an effective framework for promoting equitable innovation should aim to eliminate arbitrary regulatory distinctions within the U.S. financial sector that might favor one type regulated financial institution over another as the preferred vehicle for providing digital asset related services. More specifically, future policies and frameworks that seek to accommodate federally insured depositories' engagement with digital asset activities should be broadly inclusive of credit unions.

CBDC Does Not Represent the Best Method for Achieving Financial Inclusion Objectives

The President's Executive Order envisions a whole of government approach to evaluate development of a CBDC; however, NAFCU believes that federal administrative resources could be put to better use, particularly in the domain of financial inclusion, by prioritizing existing financial sector infrastructure and community development programs.

¹² See NCUA, LCU 22-CU-07 "Federally Insured Credit Union Use of Distributed Ledger Technologies," (May 25, 2022) ; NCUA, LCU 21-CU-16 "Relationships with Third Parties that Provide Services Related to Digital Assets" (January 7, 2022).

¹³ See NAFCU, Letter to NCUA re: Digital Assets and Related Technologies RFI, (September 27, 2021), available at <https://www.nafcu.org/system/files/files/9.27.21%20Letter%20to%20NCUA%20re%20Digital%20Assets%20and%20Related%20Technologies%20RFI.pdf>.

NAFCU continues to support increased funding for the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF). These programs have proven to be an invaluable means of providing financial services to underserved areas and demonstrated their worth during the pandemic. Programs such as the CDFI Fund or the CDRLF help credit unions invest directly into communities. By contrast, the upfront technology expenditures necessary to operationalize a CBDC would be unlikely to provide the same type of immediate and tangible impact for underserved communities.

There are nearly 500 CDFI credit unions today, and that number has grown over the last two years. In addition to increased funding, NAFCU has shared with Congress the need for a modernized and streamlined application process. Even in the most optimistic scenario, a CBDC offers only an attenuated method for achieving financial inclusion by modifying the operation of payment channels, whereas supporting the CDFI Fund's operations would directly address practical obstacles (i.e., cumbersome application processes and application backlogs) that stand in the way of immediate assistance to underserved communities.

A CBDC could, theoretically, yield greater payments efficiency in a country that currently lacks mature payment systems and in these jurisdictions the appeal of a CBDC as a financial inclusion tool is understandably greater. However, the United States is not such a country and American consumers have access to a mature and reliable payments system. In this regard, hypothesized improvements to domestic and cross-border payments would likely be marginal, especially when real-time payments can already be made, and the improvements needed to reduce international remittance costs are largely reliant upon legal harmonization efforts which do not depend on the technical infrastructure of a CBDC.

Supporting Credit Union Efforts to Reach Underserved Population Will Advance Financial Inclusion Objectives More Efficiently Than a CBDC

Credit unions, like many community institutions, have strong relationships with their members and strive to provide affordable financial products and services that are tailored to individual needs. While the products offered by credit unions can vary based on particular fields of membership, the credit union industry as a whole has embraced new technology over the past twenty years, such as remote deposit capture (RDC) and mobile banking, to improve access to financial services.¹⁴

Credit unions have also demonstrated a commitment to maintaining a physical presence in the communities they serve. A 2019 Federal Reserve study demonstrated a recent dramatic decline in bank branches in rural areas.¹⁵ More specifically, the study showed that 7 percent of rural bank branches were closed between 2012 and 2017 and that number grew to 11 percent through 2019. Credit unions were the only financial institution that added branches in both rural and urban areas, demonstrating credit unions' commitment to their members and to serving underserved communities.

Investment in physical branches located in rural areas shows that credit unions are expanding into underserved areas. This type of brick-and-mortar presence provides tangible evidence of financial

¹⁴ NAFCU, 2020 Report on Credit Unions, 19 (2020), available at <https://www.nafcu.org/sites/default/files/2020%20NAFCU%20Annual%20Report%20on%20Credit%20Unions.pdf>.

¹⁵ See Federal Reserve, Perspectives from Main Street: Bank Branch Access in Rural Communities (2019), available at <https://www.federalreserve.gov/publications/november-2019-bank-branch-access-in-rural-communities.htm>.

inclusion and participation in the affairs of a community; whereas a CBDC provides simply another means of executing electronic payments. To the extent that there are other, theoretical cost savings that can be associated with the introduction of a new CBDC payments rail, these can be realized through existing public and private efforts. Within the credit union industry, there is already significant attention to payments innovation. In surveys conducted between 2019 to 2021, more than half of NAFCU-member credit unions indicated that they expected to invest in payments processing over the next three years.¹⁶

To achieve broader financial inclusion objectives that payments improvement alone may not fully address, NAFCU encourages Treasury to support legislative proposals to grant all federal credit unions the ability to include underserved areas in their fields of membership. Bills such as the “Expanding Access for Underserved Communities Act” would complement existing credit union efforts to provide low-cost loans and accounts to populations in need and simultaneously fill the gap left by departing bank branches in rural and underserved areas.¹⁷

Introduction of a CBDC Would Significantly Disrupt Credit Union Operations and Pose Financial Stability Risks

As NAFCU has noted in its comments to the Federal Reserve, soliciting input on hypothetical models of CBDC without clear regulatory parameters or potential design choices to consider frustrates the public’s ability to consistently evaluate the costs and benefits of a so-called digital dollar. Yet even in the absence of a formal proposal, policies favoring CBDC as a vehicle for “equitable growth” must demonstrate that CBDC is superior to alternative methods for promoting financial inclusion, protecting consumer privacy, guarding against criminal activity, and ensuring financial stability. Based on the limited information presented in the RFC, NAFCU anticipates that the costs and risks associated with introducing a CBDC will outweigh any potential benefits.

Given that the RFC does not describe how a CBDC might be issued, NAFCU assumes that Treasury does not have a specific policy preference for either a direct or indirect model of issuance—or even a view as to the desirability of CBDC in the first place. NAFCU does not believe introduction of a CBDC is warranted; but it is worth emphasizing that a direct model of issuance would likely correspond with the greatest disruptive effects for credit unions and other depository institutions.

Offering CBDC directly to consumers through government accounts would constitute a radical expansion of the Federal Reserve’s mission and involvement in the economy, and NAFCU strongly discourages any model for issuing CBDC that relies upon such an arrangement. While an intermediated CBDC is preferable to a disintermediated (i.e., direct) model of issuance for the purpose of avoiding the most acute destabilizing effects on the U.S. financial system, significant risks are still present. NAFCU is concerned that the only meaningful benefit of intermediation

¹⁶ NAFCU, Report on Credit Unions, 21 (2021).

¹⁷ H.R. 7003, “Expanding Access for Underserved Communities Act,” 117th Congress (2021-2022), <https://www.congress.gov/bill/117th-congress/house-bill/7003/all-actions?s=1&r=1&overview=closed>. See also NAFCU Letter re: Bank Attacks on H.R. 7003 – Expanding Financial Access for Underserved Communities Act (April 25, 2022), available at <https://www.nafcu.org/system/files/files/4-25-22%20NAFCU%20Letter%20on%20Banking%20Deserts%20and%20HR%207003.pdf>.

relates to the government's ability to avoid the compliance costs associated with providing direct banking services by allocating those costs to private account hosting institutions.¹⁸

To the extent the RFC invites consideration of all forms of CBDC, there is little evidence to support the view that either the public or financial institutions would benefit from an intermediated variety that relies upon existing financial sector compliance infrastructure to facilitate issuance.

As an initial matter, most CBDC related proposals omit practical details regarding how financial institutions might cover the costs associated with verifying CBDC accounts, managing Bank Secrecy Act (BSA) compliance and addressing anti-money laundering (AML) risks, not to mention other consumer compliance obligations related to payments. In general, these functions are expensive for credit unions to perform and the RFC does not posit any method for avoiding or recovering these costs.

Estimating the precise magnitude of CBDC-related compliance costs is also difficult because the RFC does not offer any indication of how privacy interests might be balanced. The degree of anonymity provided to CBDC payments and how related policy frameworks will address AML compliance or counter terrorist financing (CFT) activities are open-ended questions.

A CBDC might also put strain on credit unions' ability to secure liquidity and support lending activity during times of economic stress. In periods of crisis, a flight to safety would favor CBDC and credit unions would have limited ability to compete rate-wise against interest-bearing CBDC or CBDC accounts with no end-user limits. Even a non-interest bearing CBDC could be attractive if consumers or businesses prefer absolute safety or have urgent liquidity needs. Precedent suggests that when these conditions materialize, money will move rapidly to the least risky asset, as it did when Treasury yields spiked in March 2020.¹⁹

A flight to safety that involves commercial deposit substitution could profoundly alter mechanisms for maturity transformation and make it more difficult for credit unions to recover after periods of crisis.²⁰ If credit unions were to experience a sharp decline in deposit balances as members shifted their money to CBDC, the negative impact on lending activity could simultaneously constrain efforts to increase rates on insured shares. These effects could impair the important role credit unions have played in their communities as dependable and affordable lenders.

If outflows from commercial deposit accounts into CBDC occur during a crisis, the Federal Reserve's management of resulting liquidity stress could also result in greater balance sheet risk. As the Federal Reserve provides more liquidity to commercial banks as deposits are substituted for CBDC, the Federal Reserve would assume the risks associated with acceptance of new bank collateral. If the demand for liquidity is very great, the Federal Reserve might need to accept less

¹⁸ See Federal Reserve, Money and Payments: The U.S. Dollar in the Age of Digital Transformation, 14 (2021). "An intermediated model would facilitate the use of the private sector's existing privacy and identity-management frameworks; leverage the private sector's ability to innovate; and reduce the prospects for destabilizing disruptions to the well-functioning U.S. financial system."

¹⁹ See Annette Vissing-Jorgensen, The Treasury Market in Spring 2020 and the Response of the Federal Reserve, NBER Working Paper No. 29128 (August 2021), available at <http://www.nber.org/papers/w29128>.

²⁰ See J. Fernández-Villaverde, D. Sanches, L. Schilling et al., "Central bank digital currency: Central banking for all?", Review of Economic Dynamics 41, 227, 234 (2021), available at <https://economics.smu.edu.sg/sites/economics.smu.edu.sg/files/economics/pdf/Seminar/2022/FERNAN~1.PDF>.

liquid assets or riskier securities.²¹ In this regard, a CBDC's potential negative effects on the stability of the broader U.S. financial system could impair the financial sector's overall competitive strength.

Payments Innovation Does Not Depend on the Introduction of a CBDC

In general, the existing alternatives to CBDC already provide a robust payments ecosystem and are capable of supporting future innovation. On the public side, the Federal Reserve maintains several services to facilitate wholesale and retail payments. These include a check-processing service, FedACH, which supports credit transfers and direct debits, the Fedwire Funds and National Settlement Services, which support wholesale payments, and in 2023, the FedNow Service, which will support real-time transfers of interbank payments. On the private side, there is ample evidence that payments innovation is a priority for credit unions as well as other payment system stakeholders.²²

NAFCU expects that future enhancements to cross-border digital payments will be driven by industry-led investments. For example, in April 2022, The Clearing House, EBA CLEARING, and SWIFT announced that they would launch a pilot service for immediate cross-border (IXB) payments. Separately, the BIS is pursuing its own cross-border payments improvement project, Nexus, which proposes to streamline the process of linking national banking systems.

To the extent that cross-border payments improvement corresponds with Treasury's vision for a mass adoption scenario for digital assets, consideration of existing public and private sector initiatives would likely identify superior alternatives to CBDC. Treasury should also recognize the Federal Reserve's existing work to enhance the messaging standard it uses for Fedwire, which will eventually support greater interoperability with global settlement systems.²³ By comparison, a wholesale CBDC would only offer an alternative and unproven technical approach without addressing other major barriers to cross-border payments efficiency, such as the need for regulatory harmonization.

Conclusion

Given the lack of clarity regarding specific CBDC parameters and design features, NAFCU does not believe that sufficient evidence exists to justify development of a CBDC, particularly when better alternatives for achieving the same purported benefits already exist. Credit unions are well positioned to improve underserved populations' access to affordable financial products and their efforts do not depend upon the introduction of a CBDC.

With respect to fostering a digital assets market that invites opportunities for credit unions and their members, NAFCU encourages Treasury to support a level playing field, consistent application of consumer financial protection law, prudent management of financial stability risks, and policy that promotes responsible credit union innovation.

²¹ See BIS, Committee on Payments and Market Infrastructures, "Central Bank Digital Currencies," 14 (March 2018), available at <https://www.bis.org/cpmi/publ/d174.pdf>.

²² For example, The Clearing House already offers real time payments through its RTP service.

²³ See Federal Reserve, "New Message Format for the Fedwire® Funds Service," 86 Fed. Reg. 55600 (October 6, 2021).

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NAFCU and its members appreciate the opportunity to comment on the RFC. Should you have any questions or require any additional information, please contact me at amorris@nafcu.org or (703) 842-2266.

Sincerely,

A handwritten signature in cursive script that reads "Andrew Morris".

Andrew Morris

Senior Counsel for Research and Policy