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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R.

To amend the Expedited Funds Availability Act to require that funds deposited be available for withdrawal in real-time, 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 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 2022”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) Families in the United States spend billions
2 of dollars in overdraft fees in part because they are
3 waiting for checks to clear over a weekend or holi-
4 day.

5 (2) The inefficient payment system in the
6 United States drives families, especially those living
7 paycheck to paycheck, to use high-cost financial
8 services to access funds more rapidly.

9 (3) A faster payment system would provide peo-
10 ple of the United States immediate access to funds
11 and relief for those who overdraw their accounts be-
12 cause their deposits are not available in real-time,
13 helping families potentially save billions of dollars
14 each year.

15 (4) The United States lags behind other coun-
16 tries in the speed and efficiency of its payment sys-
17 tem.

18 (5) Central banks around the world have al-
19 ready implemented real-time payment systems, in-
20 cluding in the United Kingdom, Australia, Mexico,
21 Poland, Japan, and South Africa.

22 (6) The Federal Reserve System was created by
23 Congress on December 24, 1913, in response to the
24 financial panic of 1907.

1 (7) Since its beginning, the Federal Reserve
2 System has played a crucial role in the payment sys-
3 tem of the United States.

4 (8) The role of the Federal Reserve System in
5 providing payment services is—

6 (A) to promote the integrity and efficiency
7 of the payment mechanism; and

8 (B) to ensure the provision of payment
9 services to all depository institutions on an eq-
10 uitable basis and in an atmosphere of competi-
11 tive fairness.

12 (9) The Monetary Control Act of 1980 (title I
13 of Public Law 96–221; 94 Stat. 132) provided the
14 Board of Governors of the Federal Reserve System
15 with the authority to oversee the payment system in
16 the United States.

17 (10) The Expedited Funds Availability Act (12
18 U.S.C. 4001 et seq.), enacted on August 10, 1987,
19 provided the Board of Governors of the Federal Re-
20 serve System with full authority to regulate all as-
21 pects of the payment system, including the receipt,
22 payment, collection, clearing of checks, and related
23 functions of the payment system pertaining to
24 checks.

1 (11) In a July 2018 report on financial tech-
2 nology, the Department of Treasury acknowledged
3 the important role of the Board of Governors of the
4 Federal Reserve System in bringing real-time pay-
5 ment settlement services to the United States when
6 the Department recommended the Board of Gov-
7 ernors work to facilitate a faster retail payment sys-
8 tem, in particular, for smaller financial institutions
9 such as community banks and credit unions, noting
10 that such institutions should also have the ability to
11 access the most innovative technologies and payment
12 services.

13 (12) The authorities described in paragraphs
14 (9) and (10) are more critical than ever given how
15 the financial services sector has been defined as a
16 vital component of critical infrastructure in the
17 United States.

18 (13) The role of the Board of Governors of the
19 Federal Reserve System in the financial services sec-
20 tor will ensure the resiliency of the payment system
21 in the United States.

22 (14) The Board of Governors of the Federal
23 Reserve System should develop a real-time interbank
24 payment system to ensure that—

25 (A) consumers are prioritized;

1 (B) consumers and small businesses are
2 protected from fraud and errors, including with
3 respect to a payment initiated by a consumer or
4 small business;

5 (C) the payment system is open to in-
6 creased competition; and

7 (D) outsized entities do not monopolize the
8 financial infrastructure of the United States.

9 (b) PURPOSES.—The purposes of this Act are—

10 (1) to ensure that the United States has a safe,
11 fast, efficient, equitable, and fair payment system;

12 (2) to clarify that the Board of Governors of
13 the Federal Reserve System has the existing author-
14 ity to build a real-time payment system; and

15 (3) to make certain that the Board of Gov-
16 ernors of the Federal Reserve System follows
17 through on implementing the system described in
18 paragraph (2).

19 **SEC. 3. DEFINITION.**

20 In this Act, the term “real-time” has the meaning
21 given the term in section 602 of the Expedited Funds
22 Availability Act (12 U.S.C. 4001), as amended by section
23 4(a) of this Act.

1 **SEC. 4. REQUIREMENT THAT FUNDS DEPOSITED BE AVAIL-**
2 **ABLE FOR WITHDRAWAL IN REAL-TIME.**

3 (a) DEFINITIONS.—

4 (1) IN GENERAL.—Section 602 of the Expe-
5 dited Funds Availability Act (12 U.S.C. 4001) is
6 amended—

7 (A) by redesignating paragraphs (20)
8 through (25) as paragraphs (21) through (26),
9 respectively; and

10 (B) by inserting after paragraph (19) the
11 following:

12 “(20) REAL-TIME.—The term ‘real-time’—

13 “(A) means any time; and

14 “(B) includes a Saturday, Sunday, and a
15 legal holiday.”.

16 (2) TECHNICAL AND CONFORMING AMEND-
17 MENT.—Section 3 of the Check Clearing for the
18 21st Century Act (12 U.S.C. 5002(2)(D)(iv)) is
19 amended by striking “section 602(24)” and insert-
20 ing “section 602(25)”.

21 (b) EXPEDITED FUNDS AVAILABILITY SCHED-
22 ULES.—Section 603 of the Expedited Funds Availability
23 Act (12 U.S.C. 4002) is amended—

24 (1) in subsection (a)—

1 (A) in the subsection heading, by striking
2 “NEXT BUSINESS DAY” and inserting “REAL-
3 TIME”;

4 (B) in paragraph (1)—

5 (i) by striking “Except as provided in
6 subsection (e) and in section 604, in” and
7 inserting “In”; and

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

13 (C) in paragraph (2), in the matter pre-
14 ceeding subparagraph (A), by striking “not later
15 than the business day after the business day on
16 which” and inserting “in real-time after”; and
17 (2) by striking subsection (b) and inserting the
18 following:

19 “(b) PERMANENT SCHEDULE.—Funds deposited in
20 an account at a depository institution by a check drawn
21 on a local or nonlocal originating depository institution
22 shall be available for withdrawal in real-time.”;

23 (3) by striking subsection (c);

24 (4) by striking subsection (d);

1 (5) by redesignating subsections (e) and (f) as
2 subsections (c) and (d), respectively;

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

5 (A) in paragraph (1)—

6 (i) in subparagraph (A)—

7 (I) by striking “Not more than 4
8 business days shall intervene between
9 the business day a” and inserting
10 “A”;

11 (II) by inserting a comma after
12 “subparagraph (B)”;

13 (III) by striking “is”; and

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

19 (ii) in subparagraph (B), in the sub-
20 paragraph heading, by striking “PARA-
21 GRAPH” and inserting “SUBPARAGRAPH”;
22 and

23 (B) in paragraph (2)—

24 (i) by striking “, (b), and (c)” and in-
25 serting “and (b)”; and

1 (ii) in the paragraph heading, by
2 striking “TEMPORARY AND PERMANENT
3 SCHEDULES” and inserting “PERMANENT
4 SCHEDULE”; and

5 (7) in subsection (d)(2), as redesignated by
6 paragraph (5), by striking “(c), or (e)” and insert-
7 ing “or (c)”.

8 (c) SAFEGUARD EXCEPTIONS.—Section 604 of the
9 Expedited Funds Availability Act (12 U.S.C. 4003) is
10 amended—

11 (1) in subsection (a)—

12 (A) in paragraph (1)—

13 (i) in the paragraph heading by strik-
14 ing “NEXT BUSINESS DAY” and inserting
15 “REAL-TIME”; and

16 (ii) in the matter following subpara-
17 graph (D) by striking “on the business day
18 after the business day on which such cash
19 or funds are deposited or, in the case of a
20 wire transfer, on the business day after the
21 business day on which” and inserting “in
22 real-time after such cash or funds are de-
23 posited or, in the case of a wire transfer,
24 in real-time after”;

25 (B) in paragraph (2)—

1 (i) by striking “, 603(e), or para-
2 graphs” and inserting “paragraph”; and

3 (ii) by striking “603(e)” and inserting
4 “603(c)”; and

5 (C) by striking paragraph (3)(B) and in-
6 serting the following:

7 “(B) any such funds deposited in excess of
8 such amount shall be available for withdrawal
9 in real-time.”;

10 (2) in subsection (b), in the matter preceding
11 paragraph (1), by striking “(c), or (e)” and insert-
12 ing “or (c)”;

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

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

17 (d) MISCELLANEOUS PROVISIONS.—Section 607 of
18 the Expedited Funds Availability Act (12 U.S.C. 4006)
19 is amended—

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

21 (2) by redesignating subsections (c) through (f)
22 as subsections (a) through (d), respectively.

23 (e) REGULATIONS AND REPORTS BY BOARD.—Sec-
24 tion 609 of the Expedited Funds Availability Act (12
25 U.S.C. 4008) is amended—

- 1 (1) by striking subsections (d) and (f); and
- 2 (2) by redesignating subsection (e) as sub-
- 3 section (d).