

Jane F. Haskin

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Submitted via e-mail
regs.comments@federalreserve.gov

Subject: Docket number, OP-1625

Dear Sirs:

I'm submitting this letter in response to the request for comments on the implementation of the faster payment system. I retired this past year as President & CEO of First Bethany Bank in Bethany, Oklahoma after thirty-nine years in community banking. I still serve on the board of First Bethany Bank as a director. During my career I served on a committee studying faster payments at the Federal Reserve Bank of Kansas City. It became very obvious to me the only way a community bank was going to be able to compete fairly in a real time payment environment would be through the Federal Reserve's implementation of the platform. I will support my opinion with the following points:

- The largest banks in the country have joined efforts to establish The Clearing House as a vehicle for their use in real time payments. If this organization is allowed the authority to implement the faster payment system, it will give them an immediate competitive advantage over all other banks in the country. The Clearing House member banks already control 70% of the deposits in the United States, a number that has grown disproportionately in favor of large banks since the last financial crisis. Without the Federal Reserve implementing a faster payment system that represents all banks equally, the deposits will follow the path of least resistance and the larger banks control of deposits will only increase making them even more of a systemic risk to the banking system.
- The business to business payment (B2B) is the piece of the puzzle that is missing in the United States faster payment systems. Goldman Sachs has estimated this to be a \$950 billion business opportunity in the United States. The importance of security and a trusted operator is needed before businesses will trust the integrity of the system and begin utilizing an electronic payment system. The Federal Reserve has a long and successful history of being that trusted operator in the payment system by providing wire, ACH, and check/image services to banks of all sizes. The Federal Reserve's ability to reach more than 11,000 financial institutions will provide ubiquity throughout the system which is critical to the establishment as a trusted system. My vote is for the Federal Reserve to establish a Real-Time Gross Settlement system as it is needed to encourage businesses to trust and use real time payment systems.
- Several of the larger countries in Europe have already implemented real time payment systems. Their governments mandated the central banks be the provider of these services and their systems have worked well. After witnessing the successful operation in these countries, I would suggest the United States use a similar model with the Federal Reserve Bank as the operator.

Thank you for allowing me the opportunity to voice my very strong endorsement of the Federal Reserve as the operator of the faster payment system for interbank settlement.

Respectfully,

Jane F. Haskin