



December 13, 2018

Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

**SUBJECT: OP-1625 – Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments**

Dear Federal Reserve Board of Governors:

First National Bank in Staunton, Illinois, (FNB Staunton), is a community bank that provides banking services to consumers and small businesses in southern Illinois. We have been a trusted partner for our communities since 1934. We appreciate the opportunity to provide comment on OP-1625.

FNB Staunton is in complete support of the Federal Reserve developing a 24x7x365 RTGS settlement service along with a liquidity management tool. The Federal Reserve’s active involvement in these ways will ensure financial institutions of all sizes have an opportunity to play a part in this new faster payments era.

A new faster payments system is inevitable as end-user expectations and needs evolve along with evolving technologies. Much like looking up an answer to a question with a web browser, watching a clip from our favorite movie, ordering goods, to communicating with others through text, voice or video, or getting g directions through an app, consumers in today’s environment expect that our payments systems be right at their fingertips. Three primary elements to each of these actions that make them desirable are that they are quick, convenient and easily accessible. End-users need these same three things when it comes to payments, but our traditional payments systems have limitations and this means end-users have less flexibility and less control over their own money.

FNB Staunton respectfully urges the Federal Reserve to develop a 24x7x365 RTGS settlement service. The Federal Reserve’s development of this service is necessary in order to create a safe, ubiquitous, faster payments system in the United States. Interoperability is key in creating a ubiquitous faster payments system. Without the Federal Reserve’s direct involvement, the private sector cannot reasonably expect to achieve this on its own. This will leave us with a fragmented payments system that will not be beneficial to all and will not achieve the desired ubiquity. Many consumers, small businesses, community banks, etc. could be left behind.

Based on the end-user’s growing needs, the industry will advance, and a faster payments system will evolve. The Federal Reserve currently sits in a unique position to have a major impact on the evolution

---

<b>BETHALTO</b> 704 Texas Blvd. Bethalto, IL 62010 618-377-9146	<b>STAUNTON</b> 115 South Elm St. Staunton, IL 62088 618-635-2234	<b>HOLIDAY SHORES</b> 7301 St. James Dr. Edwardsville, IL 62025 618-656-5015	<b>LIVINGSTON</b> 482 Park St. Livingston, IL 62058 618-637-2070	<b>TROY</b> 304 Bargraves Blvd. Troy, IL 62294 618-667-9800	<b>BENLD</b> 218 East Central Ave. Benld, IL 62009 217-835-4384	<b>HAMEL</b> 105 East State St. Hamel, IL 62046 618-633-2265	<b>MT. OLIVE</b> 801 W. Main Mt. Olive, IL 62069 217-999-2265	<b>MARYVILLE</b> 2623 North Center St. Maryville, IL 62062 618-346-3600
--	--	---	---	--	--	---	--	--

of this faster payments system. It can either be part of the evolution or sit back and watch it evolve and be driven by others. If the latter happens, the community banking model as we know it today will be at risk as the opportunity for community banks to play a role in the new payments system will be significantly limited. However, if the Federal Reserve develops the necessary infrastructure to support a faster payments system that provides for interoperability, the community banks' opportunity to participate and provide this service to their customers would greatly increase.

In Governor Lael Brainard's keynote address, given to the FedPayments Community Forum in early October, she stated, "A 24/7 RTGS service provided by the Reserve Banks could significantly improve the prospect of banks of all sizes having equitable access to a real-time interbank settlement infrastructure for faster payments in the long term. This common infrastructure would support connections across banks and faster payment service providers, acting as their agents with the potential to weave together the current patchwork of systems." We believe this statement summarizes exactly what the Federal Reserve's position should be, and it supports the fact that the Federal Reserve's involvement is critical in bringing the community banks into the future of faster payments.

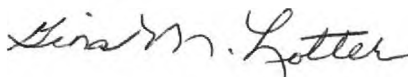
FNB Staunton believes RTGS is the appropriate strategic foundation for interbank settlement of faster payments. Combining interbank messaging and interbank settlement offers many advantages over a DNS-based faster payment service, as pointed out in the Federal Reserve Notice. The RTGS settlement service clearly aligns with the Faster Payments Effectiveness Criteria, making it a preferred choice.

FNB Staunton also believes that the Federal Reserve should develop a liquidity management tool in tandem with the development of the RTGS settlement service. This liquidity management tool should be flexible and allow a bank to originate a transfer from one account to another and allow an automatic transfer of balances (sweep) based on pre-established thresholds and limits. The liquidity management tool should be available 24x7x365 along with the RTGS settlement service.

The Federal Reserve has always been an active provider of payment system services in its role as the Central Bank. Its continued direct involvement remains relevant as faster payments move toward future change. Pursuing the above two initiatives will help to address and satisfy the future needs of the payments industry as a whole and help ensure the fair inclusion of community banks in faster payments systems, as they are developed.

We appreciate the opportunity to respond to the OP-1625 proposal and thank you for your consideration of our comments. Any questions or request for additional information may be directed to my attention at [glotter@fnbstaunton.com](mailto:glotter@fnbstaunton.com) or (618) 635-2234; ext. 249.

Sincerely,



Gina M. Lotter  
Chief Operations Officer