



December 14, 2018

Ann Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Dear Ms. Misback:

I strongly recommend that the Federal Reserve Board quickly establish services to support fast payments in the United States that would allow a real-time interbank gross settlement system for faster payments operating 24 hours a day, seven days a week, 365 days a year (24x7x365). In addition, I am in support of a liquidity management tool for supporting the transfer of funds between a Federal Reserve master account and another Federal Reserve account used to support 24X7X365 real-time interbank settlement for faster payments, regardless of whether those services are provided by the private sector of the Federal Reserve Banks.

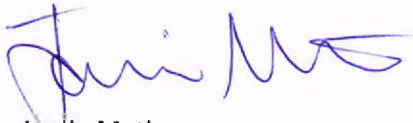
I am the Controller of Midwest Bank, a \$700 million community bank located in Nebraska. Even here, in rural Nebraska, access to real-time payments is demanded by our customers. They utilize platforms like PayPal, Apple Pay, Venmo, Facebook, and many others to conduct person-to-person (P2P) payments. These companies are acting as an intermediary in conducting financial transactions. They have not been vetted by regulatory authorities, are not transparent with customers or banks to provide safe and equitable access, nor are they subjected to the same regulatory rules and procedures like that of financial institutions. Furthermore, none of the deposits held by customers in P2P companies are FDIC insured. I strongly do not believe that any of these private sector payment providers will be committed to the same level of safety, transparency, equitable access, and ubiquity as the Federal Reserve.

We recently reviewed a demonstration of Early Warnings System's P2P payment product, Zelle. Zelle utilizes a network of participating banks in order to process instant P2P transactions. Zelle has recently partnered with Fiserv, the number one bank core processor in the United States. While this product would be extremely attractive to our customers, it is costly. Processing fees charged to banks are in excess of \$1.35 per transaction not to mention the up-front costs and monthly service fees. We would be unable to pass these charges on to our customers since they have become accustomed to private P2P payment companies offering nearly the same services for free. The demand is strong from customers – but they are not willing to pay for using this type of service. As a small bank in the current interest rate environment, it is becoming increasingly difficult to simply absorb these costs.

Designing such a network through the Federal Reserve would obviously not be without cost. While I recognize that these costs would need to be passed on to participating banks, I caution the Federal Reserve from charging large up-front fees or high transactional fees that would hinder adoption. Instead, the Federal Reserve should attempt to recoup these costs over several years.

In summary, it is vital to the integrity of the banking industry that the Federal Reserve adopt a real-time 24x7x365 payment system. Without doing so, the safety, security, transparency, and equality of the nation's payment and settlement system could be jeopardized by private companies.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Jamie Mather". The signature is fluid and cursive, with a large initial "J" and "M".

Jamie Mather
Controller
Midwest Bank