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

VIA E-MAIL (regs.comments@federalreserve.gov)

December 12, 2018

Re: Docket No. OP-1625 (Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments)

Dear Ms. Misback,

On behalf of NBH Bank and its Board of Directors, thank you for the opportunity to provide feedback on the above-referenced proposed action. In general, we support the (1) development of a service for real-time interbank settlement of faster payments and (2) creation of a liquidity management tool that would enable transfers between Federal Reserve accounts to support services for real-time interbank settlement of faster payments, and one cannot be developed without the other.

We agree that access to such payment system and liquidity management tool should be limited to well-regulated, well-capitalized entities (i.e., banks). This would minimize the risk of payments not being completed and the security of any data in transit being compromised. Furthermore, the Federal Reserve should consider how to accommodate such faster payment settlements for non-USD denominated transactions (e.g., cryptocurrencies or point of sale transactions completed abroad with credit or debit cards issued by a US-domiciled entity).

With regard to the ability to manage liquidity risks, the ability to transfer funds from a financial institution's master account to a faster payment system 24/7/365 is crucial. However, risks need to be considered and solutions should be developed for contingency funding plans, such as 24/7/365 availability of the discount window so that a financial institution's master account is always available to support the unpredictable faster payment account flows. Additionally, the Federal Reserve and financial industry should consider the increased cost to operate, as it will be necessary to have staff to monitor a financial institution's faster payment account 24/7/365. Finally, the liquidity management tool should also include technology solutions for mobile monitoring (e.g., tablet or smartphone) and account funding functions for the funds moving between a financial institution's master account and the faster settlement account.

Again, thank you for the opportunity to provide our input on the Federal Reserve's proposal.

Sincerely,

Aldis Birkans
Chief Financial Officer & Treasurer

