



FIRSTBANK

12345 WEST COLFAX AVENUE LAKEWOOD, COLORADO 80215 303-232-2000

June 29, 2015

By electronic delivery to:

Mr. Robert deV. Frierson

Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, NW

Washington, DC 20551

Regs.comments@federalreserve.gov

Re: Enhancements to the Federal Reserve Bank Same-Day ACH Service, Request for Comments
Docket No. OP-1515

Dear Mr. deV. Frierson:

FirstBank appreciates the opportunity to submit its views on the issues raised by the Federal Reserve's Request for Comment regarding enhancements to the Automated Clearing House (ACH) Network approved last month. NACHA- The Electronic Payment Association adopted the rule that would enable same-day processing of ACH transactions by adding two additional settlement windows during the business day while maintaining the existing overnight batch for a total of three opportunities per weekday to send an ACH entry.

FirstBank strongly supports the NACHA initiative to improve the payments network through adding the additional settlement windows. There is customer demand for faster payments and this rule was approved overwhelmingly by NACHA's voting members. However, it is important to recognize that to ensure that all participants will have access to the benefits of faster payments; the rule requires that all financial institutions accept these same-day entries. This mandate will affect all banks and there are no exceptions. The mandate that all financial institutions must be able to process these entries is essential to ensure that there is network ubiquity, assuring that any transactions originated can be processed same-day. FirstBank strongly supports the provisions in the NACHA rule that mandate RDFIs accept same-day ACH entries and that ODFIs compensate RDFIs 5.2 cents per entry to offset costs of implementation in order to achieve network ubiquity.

The current *FedACH® Same Day Service* demonstrates how failing to reach network ubiquity limits the success of a faster payments initiative. The *FedACH® Same Day Service* is a voluntary program where financial institutions must opt-in to receiving and originating faster ACH entries. The program is five years old and only 100 financial institutions use it. The benefits of offering this service as an ODFI are limited because there are a limited number of RDFIs that accept the faster payment. The low rate of participation can be linked to the lack of incentive for RDFIs to accept these transactions, coupled with

the expense of system upgrades to post faster transactions. RDFIs do not receive any direct compensation and are granted only a discount in ACH processing fees for receipt of these items.

The interbank compensation fee in the NACHA rule is an equitable way to achieve network ubiquity. ODFIs would not be required to pay this fee if their customer uses the conventional overnight ACH services. But, if the ODFI's customer elects to send the payment faster, then the fee would be required. ODFIs offering this service to customers would likely offer it to them for a fee, allowing the ODFI to offset their own costs as well as the RDFI's expenses based on market demand.

A large number of financial institutions will receive low volumes of same-day ACH transactions, and may not receive enough compensation to offset their fixed and variable costs. However, the fee would allow RDFIs to recover a portion of their implementation and maintenance costs. It is also important to note that the interbank compensation fee can never exceed 5.2 cents per transaction, and it will decrease if actual Same-Day ACH volume exceeds projections by 25% in the fifth year of operation.

FirstBank supports faster, safer payments. We support the NACHA Same Day ACH rule provided it includes the mandate that RDFIs accept same-day ACH entries and that ODFIs compensate RDFIs 5.2 cents per transaction for accepting these transactions. FirstBank appreciates the opportunity to comment on the Board of Governors Request for Comment. We encourage the Board to support the NACHA rule change and to make that support known promptly so financial institutions can begin system implementations without further delay. If you have any questions or comments, please contact the undersigned at laura.romero@efirstbank.com or by telephone at 303-235-1420.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura Romero', with a long horizontal flourish extending to the right.

Laura Romero
Senior Vice President