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June 30, 2015

Robert deV.Frierson, Secretary  
Board of Governors of the Federal Reserve System

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

Commerce Bancshares, Inc. ("CBI") is a regional bank holding company with one bank subsidiary, Commerce Bank, ("Commerce"), and total assets of \$24 billion at December 31, 2014. Commerce is a full-service bank, with approximately 350 banking locations in Missouri, Illinois, Kansas, Oklahoma, and Colorado.

Commerce appreciates the opportunity to respond to the Federal Reserve's Request for Comments (RFC) on Same-Day ACH Services. To that end, we offer the following responses to the questions posed in the RFC.

**A. *Mandatory Participation of RDFIs***

***The Board requests comment on making receipt of Same-Day ACH transactions mandatory for all RDFIs. If commenter's believe that participation by RDFIs should not be mandatory, the Board requests comment on why the Reserve Banks' Same-Day ACH service should remain optional and whether there are non-mandatory alternatives to achieving ubiquity.***

When FedACH® Same Day Service was introduced in 2010, the intent was to spur the growth and acceptance of faster payments. However, due to the lack of a mandate of participation of financial institutions, acceptance was poor and the effectiveness of the program has never been fully realized.

Given the recently approved NACHA Operating Rules changes for Same-Day ACH and the industry's desire for ACH to serve as a ubiquitous, nationwide mechanism for processing low-dollar, batch-based credit and debit transfers electronically, Commerce fully supports incorporating NACHA's Same-Day ACH Rules into Operating Circular 4, which will impose mandatory participation of all RDFIs for Same-Day ACH. In order for all participants (Originators, Receivers, ODFIs, RDFIs, ACH Operators, and Third Parties) to realize the full benefits, it will be prudent make these changes mandatory for the industry, which in turn, demonstrates a level playing field for all financial institutions and their clients.



The introduction of NACHA's Same-Day ACH Rules will provide a foundation for ACH to remain competitive with other payment methods and payment providers that offer a Same-Day ACH-like product. With pressures mounting from consumers for faster funds availability and industry groups' need for faster, more real-time-like payments, a ubiquitous, real-time payment or near real-time payment Network seems imminent within the Payments industry future.

### **B. Interbank Fee**

***The Board requests comment on whether the interbank fee included in NACHA's amended operating rules equitably reapportions the initial implementation costs and ongoing operating costs between ODFIs and RDFIs.***

During 2014, NACHA's Top 50 Receiving Banks represented 56.6% , roughly 10.4 billion transactions of the total 18.3 billion ACH volume reported (Source: NACHA Network Statistics, [www.NACHA.org](http://www.NACHA.org)). In the Same-Day ACH proposal, NACHA estimated 37 million Same-Day ACH transactions in year one. For illustration purposes, if we assume the percentage of the Top 50 Receiving Banks remains constant (56.6%), the Top 50 Receiving Banks would likely be receiving approximately 20.9 million (37 million x 56.6%) of the Same-Day ACH transactions; or approximately \$1.088 million (20.9 x \$.052) in interbank fees. In year two, NACHA is estimating 213 million Same-Day ACH transactions. During year two, the Top 50 Receiving Banks, provided the percentages remain unchanged, would receive approximately \$6.269 million (213 million x 56.6% x \$.052) in interbank fees.

While applying an interbank fee attempts to assist each RDFI's absorption of implementation costs, it is unclear if the interbank fee equitably reapportions the initial implementation costs associated with each RDFI and the ongoing operating costs associated with Same-Day ACH between ODFIs and RDFIs. Implementation costs associated with Same-Day ACH are very much front-loaded with new costs associated with system and infrastructure changes and potentially additional staffing costs (i.e. most of the cost is incurred to receive the first Same-Day ACH transaction with subsequent items having a lower incremental cost). Whether a bank is a large Receiving Financial Institution or smaller Receiving Financial Institution of Same-Day ACH transactions, the initial system and infrastructure costs may be similar or dramatically different due to many variables which were not adequately represented or evaluated prior to NACHA introducing the interbank fee.

Given the limited evaluation, Commerce is unable to fully determine the equality or the need of the interbank fee.

In conclusion, Commerce fully supports faster payments by mandating that all financial institutions be required to participate in Same-Day ACH by incorporating the requirement into Operating Circular 4. However, we believe that the interbank fee merits more research and evaluation to determine the true need and actual benefit of such a fee.

Thank you for this opportunity to comment.

Sincerely,

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