

Proposal: 1625 Potential FR Actions to Support Interbank Settlement of Faster Payments

Description:

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From: Community Bank President, Christopher Turner

Proposal: 1625 Potential FR Actions to Support Interbank Settlement of Faster Payments

Subject: OP-1625 -Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments

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Comments:

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Proposal: Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments [OP-1625]

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Your comment: As President of a Community Bank in Oklahoma and a banker in this state for nearly 40 years, I feel a great deal of responsibility to provide input regarding the question as whether the Federal Reserve should be involved in the Interbank Settlement of Faster Payments. In my opinion there is no doubt that not only should the FRB be intimately involved, but it should lead this endeavor. Banks like mine, as there are many across the country, have no desire to have to utilize services only provided by mega-banks that currently run TCH. In addition the Fed recognizes the need for transparency and cooperation amongst the banks that utilizes its services and that is critical to mitigating many of the risks associated with an "instant payment" system. Without the Fed involved Community Banks will totally be at the "mercy" of the biggest banks in the country. Without the feds critical involvement in this new process, most small banks will steer clear of adopting these services for our clients, which places us at a tremendous disadvantage, thereby placing small business around the country at a tremendous disadvantage. The FRB must be the ultimate transaction operator for this new payment rail. Any other alternative places the entire banking system at risk of being bifurcated and thus losing credibility in the eyes of the general public. I support the need for real-time payment technology and systems, but am very concerned about such issues as handling Overdrafts or NSF's and how those conditions may impact not only customer service, but also current regulation in place that governs how banks monitor these events. In addition its potential impact on Reg O and other regulations touched by these events. The Federal Reserve is the only body I and my colleagues have enough confidence in that can and will adequately address these issues, prior to implementation. I appreciate the opportunity to provide input on such a critical event in banking history and pray that wisdom prevails. Thanks. CT