



November 26, 2018

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

RE: Docket No. OP – 1625

Dear Ms. Misback,

Thank you for allowing us to provide comment and feedback on Docket No. OP – 1625 Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments.

Lead Bank supports the development of a real-time gross settlement (RTGS) payments network.

Lead Bank supports the development of a liquidity management tool to support RTGS.

Each would definitely support (whether together or independently) the coast-to-coast, bank-to-bank reach that a payments system requires in order to be useful to the end user and all other players.

We believe that with the Federal Reserve championing the development of these options there will likely be a greater chance of overall adoption and a level of certainty that all banks, no matter where they are located or how many assets they have, will be able to participate in this payment system. As was mentioned during a Federal Reserve Bank town hall meeting, historically the Federal Reserve has been a leader in the development of major payment initiatives because of its principles (promoting financial system stability and fostering payment and settlement system safety and efficiency).

Today's consumer is demanding faster everything. Payments and payment-related data are no different. There is no doubt that demand would exist (already exists) for a RTGS payments network that enables the consumer (and businesses) to move payments faster.

Lead Bank is a \$260 million community bank located in Kansas City, MO. Currently we rely on our core banking provider to access the payments systems. It is imperative that our core banking provider be connected to the RTGS payments network. In addition to the changes to their infrastructure, systems, processes, etc., Lead Bank will also likely need to make some changes to support a RTGS payments network. It is unlikely that we will want or even be able to support having staff at the bank 24x7x365 so we will rely on our core banking provider and

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others potentially to make everything work. At this time, we cannot estimate the costs to implement such a system.

Implementation of such a payments system is likely to take years to fully develop and make widely available. The market (consumers and businesses) is unlikely to have the patience to wait too long to have them. It is highly encouraged that the Federal Reserve give this project the attention that it deserves ("all hands on deck").

The use of a directory or database may likely increase the usage of the RTGS payments network. One of the barriers that many businesses experience is the need to share their banking information with other business partners / vendors to encourage ACH use. Rather than share this private banking information with parties, it would be ideal if users could refer to a directory for routing information which may likely represent an account token rather than the actual account number.

Yes, absolutely there must be services / tools / systems that will mitigate and manage the risks involved in moving payments in real-time. These likely will need to be developed by the core banking providers and other similar providers given that most banks will be using the core banking providers for their RTGS solutions.

Questions that come to mind that need to be addressed:

1. Will the solution work for every bank / credit union that opts to use a correspondent bank / corporate credit union (in place of a direct account at the Federal Reserve Bank (the assumption is "yes"))?
2. How will banks decide between the Clearing House Real Time Payments (RTP) service and the Federal Reserve's RTGS service? Will one service become the ultimate solution over the other? Will the larger banks stick with RTP and the smaller community banks opt for RTGS? Many smaller banks will be solely reliant on their core banking provider to answer these questions (rather than answering it for themselves). If both payments system options co-exist, will the two interact with each other allowing all banks to transmit and exchange payments using their preferred system?
3. Will existing solutions in place today migrate to the RTGS service?

Thank you again for allowing us to comment on this request for comment. If you have any follow up questions for us, do not hesitate to contact me.

Sincerely,



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