

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

Description:

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Comment ID: 133005

From: Farmers Savings Bank, Jerrod W Leffler

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

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Comments:

NONCONFIDENTIAL // EXTERNAL

Dear FRB-

In order to maintain a properly functioning and competitive marketplace that does not allow the country's largest financial institutions to monopolize the industry, the Federal Reserve Bank needs to continue it's leadership and significant operational role in the creation and implementation of universal standards and rules when it comes to the future of faster payment systems.

As we rapidly move toward a P2P payment world, the "Bigs" have created proprietary P2P standards of their own which effectively constructs barriers to the marketplace, which ultimately impacts all consumers. Different providers' solutions don't "talk" to each other and we have an inefficient and fragmented P2P environment that creates uncertainty and confusion among providers and consumers alike.

If the Federal Reserve develops and provides the real time gross settlement service, equal and fair access to real-time payment and settlement services for community banks will be guaranteed - which will benefit all users of the system. If the solution is not provided by the Fed, the largest financial institutions will own and control the process to the detriment of all users.

This position comes from a community bank stakeholder, as well as an individual consumer of financial services. This issue is critical. I hope you will consider this feedback to help ensure a viable and equitable payment system structure.

Sincerely

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