

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

Description:

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From: First Farmers State Bank, Brian L. Schroeder

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

Comments:

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As CEO of a small community bank located in rural Illinois, I feel compelled to respond on this issue. I feel it is extremely important that the Federal Reserve provides Real Time Gross Settlement Service (RTGS) to the American banking industry. It seems like a natural evolution of the Federal Reserve as a payment clearing service to provide this option. Placing this service in the hands of the largest banks in the country will discriminate against smaller banks and ultimately the customers of the smaller banks. The largest banks have no interest in many of the geographic markets served by the small community banks. The Federal Reserve is the only entity that can provide RTGS services to all banks regardless of size in an equitable fashion.

With the development of a 24x7x365 payment clearing format, it will be imperative to have a robust liquidity management tool that could best be developed and integrated by the Federal Reserve.

Sincerely,
Brian Schroeder

Brian L. Schroeder
President/CEO
Voice 309-392-2623
Fax 309-392-2504
www.firstfarmers.com[http]
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