

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

Description:

Comment ID: 133261

From: Arkansas Community Bankers, Chris Padgett

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

Comments:

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To whom it may concern,

The Arkansas Community Bankers, representing 89 of the 95 Arkansas community banks, would like to provide a comment on whether the Federal Reserve should develop a 24/7/365 real-time gross settlement service and a liquidity management tool that would enable transfers between Federal Reserve accounts to support real-time interbank settlement of faster payments.

To put simply, without all the jargon, it is imperative for the future of the community banking structure in America that the Federal Reserve provide fair and equitable access to real-time payments and settlements. Community banks can not be held hostage by the top 15-20 banks that are building yet another monopoly to an undeniably important system all financial institutions will need access to.

There is no doubt, without a fair play-ground in this arena, community banks will be at a strategic disadvantage to the large banking institutions that control these "railways".

If you need more specifics on how this issue affects community banks, please let us know. We are happy to provide specifics (i.e. open and interoperable directory service etc.) but we understand you will receive hundreds, if not thousands of letters stating these specifics and how they will negatively affect community banks. ACB would simply like to remind the Federal Reserve that it is the community banking sector that help build this country. America's financial system is healthier and safer with more, not less community banks. The fact that the U.S. holds 60+% of its assets in just five large institutions is completely contrary to a healthy, safe financial system. Which the Great Recession proved without question. No one would propose someone place all their retirement funds in five stocks, but instead spread their risks out over many strong, healthy institutions. The same applies to the banking industry. By not providing this fair "playground", it will reduce the number of community banks.

Creating an environment where community banks can thrive reduces the risks of a financial travesty. It is our belief that every decision the Federal Reserve discusses, the first thought should be, "How does this affect the community bank industry? Will it help them or hurt them?"

Thank you for your time and consideration in this matter. Please let us know if we can be of more assistance. Always happy to help.

Sincerely,
Chris Padgett

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