

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

Description:

Comment ID: 132905

From: The Peoples Bank, Alicia Freeman

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

Comments:

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I am responding in support of the Federal Reserve System playing an active role in Faster Payments. As a small community bank, the expense of keeping up with the "big banks" is enormous and sometimes overwhelming. First came the creation of a real time environment that has now become a minimum standard to customers. Then the landscape of the processing system changed to allow for faster check clearing and ACH transactions. To continue down this path without the Federal Reserve, it forces all banks to further support the growth of the big banks as community banks would be forced to implement the only available products which are so expensive they are prohibitive. The Federal Reserve's involvement should allow for Real Time Gross Settlement of transactions through an interbank method. This method allows for an over-night liquidity solution while enabling all sizes of financial institutions to participate in faster payment transactions, and it would create a more level playing field for all.

Furthermore, it is vitally important for community banks to preserve deposits. We need to stop the loss of deposits to larger conglomerates that do not reinvest in our communities.

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