

# HEARTLAND

## TRI-STATE BANK



MEMBER FDIC

December 7, 2018

Ms. Ann Misback, Secretary  
Board of Governors of the Federal Reserve System  
20t Street and Constitution Avenue, N.W.  
Washington, DC 20551

RE: Potential Actions to Support Interbank Settlement of Faster Payments  
Docket No. OP—1625

Ms. Misback:

I am the President/CEO of a very small community bank in Kansas. However, we strive to provide the customers of our rural communities the same services they could enjoy in a metropolitan/urban area. A primary reason for this desire is our goal of maintaining as many banking relationships with our younger generation of customers as possible as they move through their careers regardless of where they live.

The obvious challenge is the ever changing and increasing costs of technology both to acquire (and compete against) the new payment options as they become available at the largest institutions but also to maintain a safe and secure network for the bank and customers. To me, reputation risk, is a much greater risk to a small institution than a large one.

The Federal Reserve has asked for comments on whether the Reserve Banks should develop a 24x7x365 payment settlement service. I appreciate the opportunity to respond. Additionally, I have been told that several of the largest institutions are working together to develop their own solution. This is very concerning to me as I contemplate the challenges this could cause the remaining banks who are not involved with that coalition. To achieve a 24x7x365 payment settlement service seems a very logical and necessary step as banking moves forward. I feel certain that some group will develop such a system. However, I am concerned that either small banks would not be able to afford such a solution or would be completely excluded. Additionally, the fact that we don't have employees on the clock 24x7x365, I'm concerned how the system could be implemented by small banks. Most importantly, I'm concerned about the security around such a system.

Frankly, the involvement of the Federal Reserve is the only logical solution to the above outlined concerns. I am more than confident that the Federal Reserve would create a safe and secure solution. Additionally, I am confident that the Federal Reserve would make the solution available to all financial institutions regardless of size. Lastly, I am more confident that the Federal Reserve would make the solution cost effective to all institutions. Thus, I am requesting the Federal Reserve consider developing

a 24x7x365 payment settlement solution as I feel they are uniquely positioned to develop and maintain a solution.

I'm sure there are many challenges to developing a solution that will require time and resources. However, the need and public demand for a faster payment settlement solution is real. We need to begin the process immediately as it will take time to develop and test before going live. I encourage the Federal Reserve to engage in the process and look forward to staying abreast of the developments. If at some point you feel banker feedback would be beneficial, please don't hesitate to reach out to me as I would assist in any way possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Shan Hanes", written over a dotted horizontal line.

Shan Hanes  
President/CEO