



November 5th, 2019

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

Regarding: Notice and Request for Comments – Federal Reserve Actions to Support Interbank Settlement of Faster Payments; Docket No. 1670

Dear Ms. Misback:

With the historic decision to develop a real-time gross settlement service, Community banks such as Farmers National Bank of Griggsville will be pleased and thankful of this opportunity for decades to come.

The Fed's decision will, without doubt, help reduce concentrations within financial services, increase competition, foster innovation, employ necessary checks and balances, and create a critically important redundancy in the payments system in times of economic stress. Paving a path of opportunity that allows for not one single point of failure, while ensuring open access and fair treatment to all community banks regardless of size, charter type and location.

Community bankers fully encourage the Fed to implement the FedNow service within a shortened timeframe, then what is expected. A longer timeframe will result in community banks not being able to offer real-time payments to their customers, which will continue to allow TCH's further competitive advantage because it has already implemented its own version of real-time payments and extend the Fed's cost recovery.

There is great value in making interoperability a high priority. Interoperability is required to achieve ubiquity, the widespread adoption and usage of real-time payments, which will be beneficial to community banks and their customers. This goal is dependent on the cooperation of TCH (and others) which is not assured. A reasonable balance must be struck between the pace of the Service's development and implementation and an inviting and feature-rich service.

Within many roles throughout, Payments Directory plays a key integral part. A payments directory enables a payer to transfer funds to a payee (recipient) without knowing the details of the payee's account information by providing an alias or public identifier, such as an email address or a phone number. Other entities will likely be looking to insert themselves in the payment's directory and payments process (toll-takers) for their own benefit, but they must not prevail. The Fed is the trusted provider with its broad reach.

There are strong hopes for the Fed to develop fraud mitigation standards, as well as development for an information data base to provide community banks with "robust" capabilities to defeat fraudulent activity and prevent fraud losses. The Fed is an essential commander on the front-line of fraud preventions and an essential ally of community banks in their efforts to prevent fraud losses. The Fed should be a repository of information, a sharable data base, about fraudulent activity similar to the way OFAC and ChexSystems operates today. This service will benefit all financial institutions in their fraud mitigation efforts.

Value in incorporating a single set of rules and standards across real-time payment systems will not favor one provider over another, and it will promote interoperability which is required for ubiquity. While creating standard guidelines for real-time payments looking to the Faster Payments Council would be beneficial, as NACHA fosters compatibility and integration for the Automated Clearing House.

The Fed, not the plenary regulator of the payments system, must continue to exercise the necessary influence, to protect the payments system through the Reserve Bank's provision of payment and settlement services to banks. The Fed regulates (either directly, indirectly, or as an influencer) every federally supervised depository institution which has access to the payments system.

It is vital for the Fed to use its regulatory authority to ensure the core processors and other service providers do not disadvantage community banks in their access to real-time payments. Unlike the largest banks, community banks are reliant on the largest core processors to deliver their services in support of all of a banks' critical operations. Community banks are experiencing significant costs and delays with the largest core processors in implementing even simple requests for additional services and access to add-ons. A delay caused by the cores in allowing community banks to access the FedNow Service will put community banks at a significant competitive disadvantage.

Having the opportunity to comment on this proposal, is valued and held as an utmost moment. I would like to formally thank you of this prospect.

Sincerely,



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President/CEO

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