



INDEPENDENT COMMUNITY BANKERS ASSOCIATION OF NEW MEXICO

NEW MEXICO

December 14, 2108

Ms. Ann Misback, Secretary
Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
Via Email: regs.comments@federalreserve.gov

Re: Docket OP-1625
Faster Payments Comments

Dear Ms. Misback:

On behalf of the 38 community banks chartered in New Mexico please accept this letter regarding the Federal Reserve's request for comments regarding the "Faster Payments" initiative .

We first would like to thank the Federal Reserve for its work to maintain and improve the payments system. In a rural state such as New Mexico, it is imperative that community banks have unimpeded, equitable and universal access to real-time payment systems. We have consumers in our state who must travel up to 60 miles in order to conduct business in a financial institution. It is our understanding that the "Faster Payments" initiative that is being considered will allow all banks to offer safe and secure payments to anyone, anywhere, at any time, and with immediate funds availability. This ability is of the greatest concern to our association and member banks.

Creation of a Real Time Gross Settlement (RTGS) service would ensure a level playing field for community banks. Absent a RTGS service, community banks will be forced into dealing with solution providers who, more than likely, would be owned and controlled by the largest financial institutions in the country. This would be a threat to the community bank business model.

We would favor development of a liquidity management tool to support services necessary for real-time interbank settlements. Such a tool would ensure our community bank's ability to manage an RTGW system.

We would also favor and encourage the Federal Reserve to provide an open and interoperable directory which would allow community banks to determine how to route a faster payment. Absent a directory provided by the Fed, the ability to determine how to access accounts will likely be controlled by large solution providers which is a threat to the community bank business model and discourages innovation and competition.

Finally, we believe that interoperability between RTGS services is a necessary, if not critical, function. Our current P2P environment does not have interoperability functions between the number of payment solutions available. The result, in many cases, is that customers have to use P2P solutions offered by the larger financial institutions which effectively dictates utilization of their solutions and, again, discourages innovation and competition. This, we believe, is an important point if the goal is to have RTGS services available throughout the nation's urban and rural communities.

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We encourage the Federal Reserve to continue taking a leadership role and become an operator of faster payments in order for community banks to have access to a system that is safe, available to all sizes of depository institutions and offered on an equitable basis.

Thank you for the opportunity to submit these comments on behalf of New Mexico's community banks.

Best Regards,

A handwritten signature in black ink, appearing to read "J. Walker", with a stylized flourish at the end.

Jerry C. Walker
President & CEO
Independent Community Bankers Assn. Of New Mexico

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