



December 14, 2018

Ann Misback, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave, N>W>  
Washington, DC 20551

Regarding Docket No. OP-1625, Interbank Settlement of Faster Payments

Dear Ms. Misback:

Our Bank, Citizens Bank of Las Cruces is a \$550 million community bank located in southern New Mexico. We serve approximately 30,000 accounts and will be celebrating our 50<sup>th</sup> anniversary in 2020. As a community bank, we will not survive if we are unable to meet the needs of our customers. At this time, we do not offer a good solution regarding real-time settlement for faster payments. We do offer person-to-person and bank-to-bank transfers through our core processor, but there is a 2-3 day lag before the funds are available to the recipient. In the future, our customers will expect more and we will need to be able to deliver.

Ever since our bank was established, the Federal Reserve Bank has been instrumental in our offering up-to-date services to our customers. You provide direct access for check, ACH and wire transfer services. We could not survive without these services.

However, over the past few years we have fallen behind in offering services for our customers to transfer money real-time. We don't know the magnitude of use by our customers of other systems like Zelle, Venmo and PayPal, but are concerned that at some point we will realize our customers are no longer using our bank for payment processing. At some point we are concerned that we will no longer meet our customers' needs and will experience deposit account runoff. As you know, deposit accounts are the foundation for community banks on which we are able to survive. Without the deposit accounts, we cannot loan money to support the economic development of our communities.

It is imperative that community banks have equitable/universal access to faster payment systems to match increasing customer expectations that all banks offer safe and secure payments to anyone, anywhere, at any time and with immediate funds availability. Our Bank along with many community banks requests that the Federal Reserve develop a 24x7x365 Real Time Gross Settlement Service (RTGS) for faster payments, which would open settlement services to more parties, reduce interbank settlement risk and potentially simplify clearing functions. We also support the Federal Reserve developing a liquidity management tool to complement its RTGS service. You already have a similar system in place with your daylight overdraft management system.



Finally, we are concerned with the survival of many community banks if the Federal Reserve does not commit to an operational role in the development of a faster and improved payments system. Without the Federal Reserve linking together with the nation's financial institutions, thousands of community banks and their customers will be placed at a competitive disadvantage.

We encourage you to make expeditious and transparent decisions regarding your role in supporting faster payments before we fall further behind in technology for faster payments. The Federal Reserve Bank has been a partner of ours for many years and we urge you to continue that role and step up to the current needs of community banks.

Thank you for your consideration.

Sincerely,

  
Ruth Christopher  
CFO/EVP