

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

Description:

Comment ID: 133004

From: Leighton State Bank, Steve Fopma

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

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

Comments:

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Dear Sir or Madam:

I will use this email to comment on questions in the above referenced docket. I represent a small locally owned and managed community financial institution that has served the market area since 1911. Questions 2 & 4:

My response is absolutely yes and yes. Doing so would allow a community bank like mine and bank customers fair and equal access into the real time payment and real time settlement system. The development of a system is inevitably going to happen. If the fed does not develop a system then that development will fall into the control of a few high volume players or single source provider. That provider can effectively manipulate and/or control access resulting in a loss of real choice and innovation for consumers and community banks. To efficiently and effectively manage a system the Fed should develop and require a liquidity management tool that will allow for better service to all involved parties.

Question 3f-i:

I believe that the fed should develop an open and interoperable database system as this will ultimately allow for innovation and development so that payments can process with maximum efficiency and speed. Such a database will allow access to all regardless of the solution chosen and pave the way for all financial institutions to participate for the ultimate benefit of all consumers.

Question 3g:

I believe that interoperability is the ultimate key for a faster system that provides for ubiquity. Absent interoperability the system will remain fragmented as it is today and will create an ongoing environment where the very large players attempt to effectively garner control over the system and/or force smaller players like my bank to provide customer information to a competitor in order to participate in a system.

Ultimately it is my opinion that the marketplace will not function properly without Federal Reserve intervention. Absent intervention the largest players will operate in a self-serving manner and that will clearly come at the expense of and to the detriment of community based financial institutions threatening their long term viability and denying a real choice to millions of consumers/customers at these institutions. Our bank is served by the SHAZAM network and I have reviewed and agree with their stand on the questions posed. I strongly encourage the Fed's thoughtful consideration of SHAZAM's feedback.

Steve Fopma

President/CEO

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