

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

Description:

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Comment ID: 132982

From: Security State Bank, Clair Lensing

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

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Comments:

NONCONFIDENTIAL // EXTERNAL

Federal Reserve

RE: Comments to Docket No. OP-1625 - Comments on Potential Actions to Facilitate Real-Time Interbank Settlement of Faster Payments

Should the Reserve Banks develop a 24x7x365 Real Time Gross Settlement (RTGS) service?

Should the Federal Reserve develop a liquidity management tool that would enable transfers between Federal Reserve accounts on a 24x7x365 basis to support services for real-time interbank settlement of faster payments, whether those services are provided by the private sector or the Reserve Banks?

Yes, Security State Bank agrees that there should be a 24x7x365 settlement of payments. Additionally, Security State Bank is in agreeance with SHAZAM's comments regarding RTGS. For community banks like us, this type of system would mean equal and fair access to real-time payments and real-time settlement. By providing the 24x7x365, Security State Bank would have the offering of choice and flexibility in the faster payments ecosystem. The Federal Reserve providing RTGS is absolutely essential to the future of community banking.

Yes, Security State Bank believes there is a value in the Fed offering RTGS. Without the Fed providing this service, community banks like us will be forced to utilize a service by solution providers owned and controlled by the largest financial institutions in the country. In addition, Security State Bank agrees with SHAZAM, that when faster payments are concentrated through a single solution provider, community institutions will lose choice and innovation will be hampered. Our community bank, along with all community financial institution's ability to effectively and efficiently manage an RTGS system would require a liquidity management tool. Security State Bank and SHAZAM agree the Fed's recognition of this important element of service should be commended. The result will be better service to the Community Financials' accountholders and businesses.

Overall, without the intervention of Faster Payments by the Federal Reserve the ability for community financial institutions to compete will become nearly impossible. The Fed continuing its faster payments leadership and becoming an operator of faster payments is crucial. Security State Bank agrees with SHAZAM's beliefs that without the Fed playing a significant operation role in the creation and implementation of standards and rule, and laws and regulations when needed, the essential goals of safe, universal and equitable access will not be achieved. Furthermore, thousands of community institutions and their accountholders, without this service, will be at a competitive disadvantage.

Thank you,

Clair Lensing

President & CEO

Security State Bank

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