

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

Description:

---

Comment ID: 132979

From: Union State Bank, Peg Scott

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:

NONCONFIDENTIAL // EXTERNAL

As CEO of a small, rural, community bank, I respectfully submit our Bank's comment on Potential Actions to Facilitate Real-Time Interbank Settlement of Faster Payments.

Regarding question 4 - The Federal Reserve should 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. For community banks this type of system would mean equal and fair access to real-time payments and real-time settlement, offering choice and flexibility in the faster payments system. We feel this is essential to the future of community banking. This is the only way small community banks will be able to be a part of the faster payments arena. The result will be better service to accountholders and businesses.

Regarding question 3f-i - We believe the Federal Reserve must provide an open and interoperable directory service that payment and financial service providers and financial institutions can access to determine how to route a faster payment. This directory would allow payments to perform as test messaging does now. If the Fed does not provide a directory service, the ability to determine how to access consumer accounts will be controlled by a single solution provider. This means Community financial institutions will lose choice and innovation will be hampered. We believe such a directory is vital for establishing interoperability. It would provide all institutions access to real-time payments - regardless of their solution - further encouraging the adoption of real-time payments among ALL, not just large, financial institutions.

Regarding question 3g - Interoperability between RTGS services for faster payments to achieving ubiquity is absolutely critical. The faster payments system, as it is today, is fragmented. This fragmentation restricts access, limits competition and creates a burden for community institutions. As a result, many community financial institutions may be forced to use an option, like Zelle, which is owned by the nation's largest banks. Obviously, this relationship presents tremendous risk to the community financial institution. We don't believe it is acceptable for community institutions to have to resort to using these applications and technologies to meet the needs of their customers. If ubiquity is achieved by forcing community institutions to use the large bank consortiums then the public's payments need are not properly being served.

Respectfully,

Peg Scott

Union State Bank

214 S 1st, PO Box 178

Greenfield IA 50849

Ph. 641-343-7310

Fax 641-743-6502

pscott@usbfgd.com[mailto]

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled. The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the

intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message. The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail, and delete the original message.  
[mailto]