

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

Description:

Comment ID: 133055

From: Chillicothe State Bank, Mark D. Simmer

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

Dear Federal Reserve Board,

My name is Mark Simmer and I serve as president of the Chillicothe State Bank, a \$120-million dollar bank, located in Chillicothe, Missouri.

As a representative of a small community bank, I would like to express my support in seeing the Federal Reserve Banks become involved as operators in the faster payments system that has thus far been initiated throughout the United States of America by the likes of Zelle which is owned and operated by some of the nation's largest banks. The Federal Reserve Banks have for many years had an outstanding track record of being a trusted provider of financial services to banks both large and small regardless of where they may be located within the United States. I believe that by becoming operators in the faster payments system, the Federal Reserve Banks will greatly enhance the economic landscape of the system itself. The Federal Reserve Banks will more than likely promote greater competition that, in turn, should drive prices down and enhance efficiency for those desiring to get involved in the faster payments system. For community banks, in particular, the Federal Reserve Banks will more than likely provide a "fair" entry into the faster payments system than having to rely on larger banks, who compete with them every day, for entry into the system.

With that being said, I wholeheartedly support the Federal Reserve Banks offering the following services:

1. A real-time interbank gross settlement system for faster payments operating 24 hours a day, seven days a week, 365 days a year (24x7x365).
2. A liquidity management tool for supporting the transfer of funds between a Federal Reserve master account and another Federal Reserve account used to support 24x7x365 real-time interbank settlement for faster payments, regardless of whether those services are provided by the private sector or the Federal Reserve Banks.

In closing, if the Board agrees with my opinion on the Federal Reserve Banks playing a major role in the faster payments system, I sincerely hope it will move forward with a sense of urgency. I strongly believe that the Federal Reserve Banks need to be ready to operate in the faster payments system within a year from now for the sake of small banks and the customer that they proudly serve.

Sincerely,

Mark D. Simmer

President

Chillicothe State Bank