

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

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From: River Valley Bank, Kathy Strasser

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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Proposal:Potential Federal Reserve Actions to Support Interbank Settlement of Faster Payments [OP-1625]

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Your comment:Consumers and business owners are expecting that all banks offer safe and secure payments to anyone, anywhere, at any time and with immediate funds availability, and will quickly turn to other services/companies if their needs are not met by a bank. Unfortunately, these services/companies are not required to meet the same regulatory requirements as bank, and thus begins to put the payments space, and consumers at risk.

The Federal Reserve Bank has played a foundational role in settlement services for check, ACH and wire transfers, supporting universal access for all financial institutions, including community banks. This must continue, with the Federal Reserve committing to an operational role in the development of a faster and improved payments system, versus allowing the largest banks in the country to control this important aspect of payments. Without the foundation of the Federal Reserve, community banks will be left with few options, other than implementing products that will be cost prohibitive, reliant on Core Processors to make revisions, or late to the game trying to play catch up, as in the case of Zelle. Community banks are community partners, utilizing deposits to service our local communities. Without the Federal Reserve linking together the nation's financial institutions, this will put community banks, and their customers at a competitive disadvantage.

I am writing to confirm support for the following actions:

The Federal Reserve developing 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.

The Federal Reserve developing a liquidity management tool to complement its RTGS service as well as other private-sector solutions.

I encourage the Federal Reserve to move quickly, and be transparent about its decision regarding the role in supporting faster payments.

Thank you

Kathy Strasser