

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

Description:

Comment ID: 133331

From: ONB Bank, Joan M. Giefer

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

Ms. Ann Misback, Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue NW

Washington, DC 20551

Good Afternoon, Ms. Misback,

On behalf of ONB Bank, a locally owned community bank located in Rochester MN since 1996, I am writing to you in support of a faster payment and settlement service developed by the Federal Reserve. We strongly believe that real-time payments is essential to keep up with the rest of the country, as the demand will only continue to grow, which will justify the development of faster payments and settlements.

We have had numerous requests from our customers for faster payment solutions, but as a smaller community bank, we may not be able to always offer the newer robust systems and services that are available. Customers no longer want to wait 2-3 days for a payment, when they know there are products available where it can be instant settlement for less cost.

As a smaller institution, one of our concerns if this moves forward, is that banks of all sizes are taken into consideration, as keeping up with the latest technology can be a cost challenge; we simply cannot compete with the larger financial institutions. Another concern would be the potential increase of fraud. Settling 24x7 x365 could mean greater risk to all parties. All these factors need to be taken into consideration.

We also feel strongly the Federal Reserve's role should be as a facilitator/developer to the faster payments, similar to its current role today with ACH, checks, wires, etc., instead of allowing this role to be developed by a private sector.

Please take these comments into consideration as decisions are made.

Thank you for your time.

Sincerely,

Joan M. Giefer, AAP

Vice President - HR/Cashier

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