

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

Description:

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From: Sutton Bank, Tony Gorrell

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:

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

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Your comment: First and foremost, I would like to thank the Federal Reserve for its' leadership and continued involvement for improving the US payment system. A faster payments system is desperately needed for community financial institutions. With each day that passes, it is another day of attempted disintermediation of the community institution funding model by the large FIs, brokerage companies and of course the Fintech companies that are facilitating the challenger bank model as well as operating the person to person payment space. Speaking of faster payments, Sutton Bank has the Zelle opportunity in front of us via our Core Processor, Fiserv. Unfortunately it appears that the solution is cost prohibitive and very difficult to implement. In addition, the solution is owned by the nations largest financial institutions who also own The Clearing House which as you are aware have created their own new settlement system. Many of our customers are using PayPal, Venmo, Square, and Zelle and quite frankly its easier to point our customer to one of those solutions as opposed to having one of our own. For these reasons and many others it is of the utmost importance for the Nation's community banks to have access to an equitable solution that the Federal Reserve could provide for faster payments. Sutton Bank's consumer and commercial deposit customers are increasingly expecting us to provide some form of faster payments solution above and beyond wire and ach. We thank the Fed for the direct access we do have for check, wire, and ach and we value our access to the payment system. With all the above, Sutton Bank supports the Federal Reserve to develop a 24 x 7 x 365 Real Time Gross Settlement Service, (RTGS) for faster payments, which would open settlement services to more parties, reduce settlement risk, and simplify clearing functions. Sutton also supports the liquidity management tool. The Federal Reserve is vitally important to link together the nation's financial institutions and without a solution, I fear for the community banking industry. I urge the Fed to move fast and build the system so we as community banks can work on systems to leverage our product offerings. Sincerely, Tony Gorrell, CPA EVP & CFO Sutton Bank 419-426-6269