

Proposal: 1664 - Potential Modifications to National Settlement Service Support of Same-Day ACH Service

Description:

Comment ID: 134313

From: North Penn Federal Credit Union, Liesl M. Stroup

Proposal: 1664 - Potential Modifications to National Settlement Service Support of Same-Day ACH Service

Subject: Potential Modifications to the Federal Reserve Banks' National Settlement Service and Fedwire Funds

Comments:

NONCONFIDENTIAL // EXTERNAL

To whom it may concern,

I am writing to voice my comments on the extension of the time frames for the Federal Reserve Banks' National Settlement Service and Fedwire Funds Service. I am writing on behalf of a small but independent credit union of \$18M in assets. Our office of four employees strives mightily to live up to the credit union motto of people helping people through efforts that are not for profit, not for charity but for service. We honestly strive to gain access to financial services for our members, some of whom are just getting by each week and do not have many options in the financial services arena.

We do our best to offer as many financial services as possible for reasonable or no cost to our membership in order to help them accomplish their needs without spending more of their hard earned dollars on fees or costs.

I run my credit union just like you likely run your household. Every decision has to have a cost/benefit analysis. Most of our financial interactions these days are based on electronic transmissions of funds and information. Our members rely on the ACH system to receive their paychecks and to make sure that funds are paid out of their accounts to keep their bills current. We will continue to take part in this system regardless of what happens to the time frames for posting transactions but I ask that you consider a few items that will cause decisions to be made by smaller institutions.

In our case, our four staff members work a 40 hour week beginning at 8 each morning and ending at 4:30 each afternoon. We post the morning ACH as soon as we open the office each day. We also watch throughout the day for the various posting times and again post transactions as they come through. In order for our office to comply with the later time frame, we would need to alter our staffing. This does not sound like a difficult task until you remember that there are only 4 of us. If one person is out due to illness or vacation and another has to come in later in order to cover the later posting time, our staff numbers have now dropped by 50%. That would mean that our members would only have a partial staff to help them for a period of time each and every day. To be fair, some days that would work but most days it would not. Our ability to provide our core strength of personalized service and relationships would be compromised. I would have to alter staff

hours in order to accommodate my staff budget and to avoid overtime. Please consider that not all institutions process these transactions through an unattended process. We review each listing to see which of our members is running short on funds, when they are expecting their next paycheck, whether they have funds available in other accounts, etc. This is a time consuming but personalized process for us but it is something that a portion of the population depends on. We are processing payments now from 8 am through closing. Extending this posting time frame will require us to post from 8 am through 7 pm. That would encompass an 11 hour workday, five days per week. We would then need to either limit our services to our members or hire another employee. Either options leads to a cost for our membership. I understand that the time difference between the East and West is part of the issue but please consider what you are asking of smaller East coast institutions in order to accommodate the West coast ones. Perhaps we all base our transactions on Central Time instead?

Thank you for your time and consideration. We will continue to work at our credit union with personalized attention to the financial needs of our membership and we hope that you will give our concerns some reflection. There are many smaller institutions similar to ours who are posting these transactions with time for individual inspection rather than unattended processing by a computer system. Our concern is not based on overdrafts during the day through a Fed bank, our concern relates to the practical matters of staffing and service in order to continue to provide this financial service to our members.

Thank you,

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