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November 5, 2019

Ms. Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue
Washington, DC 20551

Regarding: Notice and Request for Comments – Federal Reserve Actions to Support Interbank Settlement of Faster Payments; Docket No. 1670

Dear Ms. Misback:

As a community banker, I would like to thank the Federal Reserve Board for its decision to develop a real-time gross settlement service, which is now being called the FedNow Service. The Federal Reserve's decision to develop a real-time gross settlement service, ensures open access and fair treatment to all community banks regardless of size, charter type and location.

As you work to develop the real-time gross settlement service, I ask that you consider the following concerns and recommendations that I have:

1. Timing for implementing the FedNow Service

The Fed expects to be able to implement this new Service in 2023/24. This timeframe needs to be shortened, yet the Service needs to have many desirable features. A longer timeframe will result in community banks not being able to offer real-time payments to their customers, TCH's further competitive advantage because it has already implemented its own version of real-time payments, and extend the Fed's cost recovery.

2. Interoperability (communications between payments systems (i.e., the FedNow Service and The Clearing House's (TCH's) Real-Time Payments Network (RTP))

The Fed stated that interoperability will evolve over time but remains a "key objective." Interoperability is required to achieve ubiquity, the widespread adoption and usage of real-time payments, which will be beneficial to community banks and their customers. This goal is dependent on the cooperation of TCH (and others) which is not assured. A reasonable balance must be struck between the pace of the Service's development and implementation and an inviting and feature-rich service.

3. Payments Directory

A payments directory enables a payer to transfer funds to a payee (recipient) without knowing the details of the payee's account information by providing an alias or public identifier, such as an email address or a phone number. Other entities will likely be looking to insert themselves in the payment's directory and payments process (toll-takers) for their own benefit, but they must not prevail. The Fed is the trusted provider with its broad reach.

4. Fraud Prevention Services

The Fed is an essential commander on the front-line of fraud preventions and an essential ally of community banks in their efforts to prevent fraud losses. The Fed should be a repository of information, a sharable data base, about fraudulent activity similar to the way OFAC and ChexSystems operates today. This service will benefit all financial institutions in their fraud mitigation efforts.

5. Rules and Standards

Incorporating a single set of rules and standards across real-time payment systems will not favor one provider over another, and it will promote interoperability which is required for ubiquity.

6. The Fed's Role as Payments System Regulator

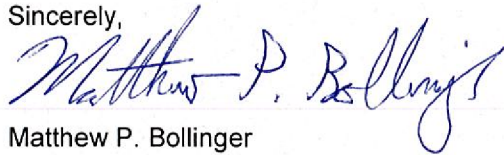
The Fed is not plenary regulator of the payments system and this limitation will extend to real-time payments. However, the Fed regulates (either directly, indirectly, or as an influencer) every federally supervised depository institution which has access to the payments system.

7. Core Processors and Other Service Providers

Unlike the largest banks, community banks are reliant on the largest core processors to deliver their services in support of all of a banks' critical operations. Community banks are experiencing significant costs and delays with the largest core processors in implementing even simple requests for additional services and access to add-ons. A delay caused by the cores in allowing community banks to access the FedNow Service will put community banks at a significant competitive disadvantage.

Thank you for the opportunity to comment on this proposal. I welcome you to contact me with any questions you may have regarding my thoughts about the FedNow Service.

Sincerely,



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