



November 6, 2019
Via Electronic Submission

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue NW Washington,
CD 20551
regs.comments@federalreserve.gov

RE: Docket No. OP-1670

Dear Ms. Misback:

Austin Bank appreciates the opportunity to provide comments regarding the Federal Reserve's initiatives to expand the Fedwire Funds Service and the National Settlement Service to accommodate payments 24x7x365 and to comment regarding the Federal Reserve's initiative to develop a new interbank real-time gross settlement (RTGS) service.

Austin Bank is a \$1.9B community bank with 33 locations throughout east Texas. The bank is owned by the Austin family for over 100+ years and provides banking services to over 80k customers in and around the greater east Texas geography.

It is the opinion of Austin Bank that the Federal Reserve (FR) should implement a RTGS system and extend the hours of operation of the FFS and NSS under certain conditions.

- If the FR can create a RTGS solution in a very expeditious manner, we ask that the following be considered. The private sector has already created a functional solution for real time payments by way of the Clearing House (TCH) Real Time Payments (RTP) solution. There is some concern that by the time a new FR sponsored RTGS service is introduced, community financial institutions (FI's) and their core providers will have developed and implemented application program interfaces with RTP. The introduction of a new faster payments solution several years from now could create confusion and disruption in the payments space if not created in an expeditious way, which is either ahead of or simultaneously with RTP.
- Per Docket No. OP – 1670 by the FR, the realistic timing of RTGS will be introduced in 2023 or 2024. It seems unlikely that the RTGS solution would be implemented in the timeframe that coincides with the RTP initiative by TCH as mentioned above. Due to the high probability that the RTGS will come online well after RTP has achieved ubiquity, then it will be imperative that the RTGS will have seamless interoperability with RTP, including development of RTGS with ISO 20022 protocol. There would be less confusion and system reconfigurations for the FI's and core providers if the two systems are interoperable.
- It is Austin Bank's understanding that the bank will have to maintain a balance in a reserve account established at the FR in order to clear transactions. It is Austin Bank's request that interest will be earned on all balances that are used as reserves for either payment system.

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- It will be imperative that the RTGS solution will provide real time reporting of FR balances as well as a notification system that would contain customized alerts back to the FI in order to manage the FI's balances at the FR.
- There will need to be a seamless and user friendly user interface with correspondent banks to move money into and out of FR accounts for daily settlement.
- Non-FDIC insured entities should be prohibited from providing any services that RTGS or any other FR product or service develops to satisfy faster payments in accordance to the current FR standards required for an entity to become a member and/or use current FR services.
 - It is important that the real time payment solutions remain utilized by highly regulated FI's that have robust regulatory oversight. The mechanisms for establishing and examining standards for information security and cyber security are prevalent with FFIEC guidance. Providing FR access to unregulated entities would weaken the security posture of the US payment system.
- Austin Bank is in favor of the Fed expanding the Fedwire Funds operating hours to accommodate 24x7x365 settlement. This period expansion should be implemented before a RTGS system is live.

Thank you for allowing Austin Bank the opportunity to provide comments regarding this important initiative. Please feel free to contact me if you have any questions or comments.

Sincerely,



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