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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:

First, I would like to thank the Federal Reserve Board for its decision to develop, FedNow, the real-time gross settlement service.

This decision ensures open access and fair treatment to all community banks regardless of size, charter type and location.

In my opinion the Fed has and must continue to play a critical role in the nation's payments system as it does today alongside, and in support of, similar services offered by the private sector.

This historic decision by the Fed will benefit community banks, consumers, small businesses, the financial system, our economy and taxpayers for decades to come. I would also like to address a few more points for your consideration as the FedNow service is developed.

1. Timing for implementing the FedNow Service

It is my understanding the Fed expects to be able to implement this new service in 2023/24. My hope is this timeline can be shortened. The longer the timeframe for community banks to have the ability to offer this service, the more the competitive advantage to the mega banks that already have this ability. I feel time is of the essence and I hope your timeline can be shortened.

2. Interoperability

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 which will enable 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

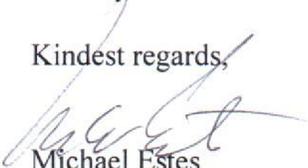
Incorporating a single set of rules and standards across real-time payment systems will not favor one provider over another, and it will promote interoperability which is required for ubiquity. I encourage the Fed to look to the Faster Payments Council (FPC) for guidance in creating rules and standards for real-time payments similar to how NACHA fosters compatibility and integration for the Automated Clearing House.

6. 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. I encourage the Fed to use its regulatory authority to ensure the core processors and other service providers do not disadvantage community banks in their access to real-time payments.

In conclusion I thank you for the opportunity to comment on the evolution of faster payments in our industry. If I can be of further assistance, please do not hesitate to contact me.

Kindest regards,



Michael Estes

President

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