

From: [Sheila Burcham](#)
To: regs.comments@federalreserve.gov
Subject: Actions to Support Interbank Settlement of Faster Payments; Docket No. 1670
Date: Wednesday, November 06, 2019 10:55:50 AM

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November 6, 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 want to thank the Federal Reserve Board for its commitment to develop a real-time gross settlement service, FedNow. I truly believe it is one important step in preserving the role of the community bank in our financial system. The Fed's decision ensures open access and fair treatment to all community banks regardless of size, charter type and location. 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. The Fed's decision prevents The Clearing House (TCH) which is owned by 25 of the largest banks from gaining a disturbing monopoly over real-time payments. The Fed's decision will help reduce concentrations in financial services, increase competition, lower costs, foster innovation, employ necessary checks and balances, and create a critically important redundancy (so there is no single point of failure) in the payments system in times of economic stress. This was a historic decision by the Fed which will benefit community banks, consumers, small businesses, the financial system, our economy and taxpayers for decades to come.

Below are some concerns and recommendations I submit as a community bank:

1. Timing for implementing the FedNow Service – please consider implementing FedNow Service before the 2023/2024 timeframe. The longer time frame will result in community banks not being able to provide real time payment to our customers while the larger banks will be and result in a competitive advantage over smaller institutions.
2. Interoperability (communications between payments systems (i.e., the FedNow Service and The Clearing House's (TCH's) Real-Time Payments Network (RTP) - Interoperability must be a high priority and as soon as feasible possible.
3. Payments Directory - The Fed is the trusted provider with its broad reach, please the Fed must be an integral participant in the Payments Directory.
4. Fraud Prevention Services - Please consider developing the fraud mitigation standards, and an information data base (with an appropriate hold harmless for good-faith contributors) to provide community banks with "robust" capabilities to defeat fraudulent activity and prevent fraud losses.

5. Rules and Standards - Please 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. The Fed's Role as Payments System Regulator - Please continue to exercise the necessary influence, particularly over TCH's owners and their RTP Network, to protect the payments system through the Reserve Bank's provision of payment and settlement services to banks.
7. Core Processors and Other Service Providers - Please consider using your regulatory authority to ensure the core processors and other service providers do not disadvantage community banks in their access to real-time payments

Again, thank you for your involvement in this endeavor and especially for giving consideration to my concerns as a community banker. If you have any questions, please feel free to contact me at 618-249-6218 or sburcham@communitytrustbk.com

Best regards!

Sheila Burcham

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Community Trust Bank

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