



432 West Gallatin Street  
PO Box 40  
Vandalia, IL 62471  
Phone: 618-283-1141  
www.thefnb.com

November 5, 2019

Ms. Ann Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> 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:

The Fed's decision to provide a faster payments system open to all community banks and Fed members ensures open access and fair treatment to the overall payments systems. This historic decision by the Fed 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.

**We highly encourage the Fed to implement the FedNow Service before 2023/24.**

Attending panel discussions and following the Fed's project to create a new payment system 'rail' has been beneficial to our Community Bank. While FedNow is a totally new payment system, we strongly urge the Fed shorten the timeframe for implementation to allow Community Banks to compete, sooner rather than later, with The Clearing House (TCH) and other non-deposit-insured payments providers.

**We strongly urge the Fed to commit to 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 of an inviting and feature-rich service.

**We also urge the Fed to play an integral role in the Payments Directory.**

A payments directory enables a payer (sender) 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.

**We most strongly urge the Fed to undertake fraud prevention services consisting of the development of 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.**

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 - including 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.

**We urge 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.**

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.

**We strongly encourage the Fed to 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.**

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.

**Finally, we 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.**

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.

In conclusion, we are encouraged and very thankful that the Fed has issued this Notice and Request for Comments – Federal Reserve Actions to Support Interbank Settlement of Faster Payments; Docket No. 1670. We appreciate the Fed's time in requesting and reviewing comment letters.

My contact information is:

Michael R. Radliff, President/CEO  
The FNB Community Bank  
432 W. Gallatin Street  
Vandalia, IL 62471

Telephone: 618.283.1141  
Email: [mradliff@thefnb.com](mailto:mradliff@thefnb.com)

Sincerely,



Michael R. Radliff  
President/CEO