

Proposal: 1670 - Federal Reserve Actions to Support Interbank Settlement of Faster Payments

Description:

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From: Farmers Trust & Savings Bank, Roger G. Kenkel

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Comments:

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To whom it may concern,

As a small community bank we need appropriate access to a faster payment system that is not controlled by the largest banks and Visa and MasterCard..

The U.S. market for faster payments is strong. Specifically, community financial institutions are seeing a growing business need for FedNow we cannot wait until 2023 or 2024 for this service.

Further, the product initially delivered cannot be a minimalist implementation. The United States is behind other countries in faster payments. Proprietary systems put the viability of community financial institutions and competitive payment networks at risk. The longer the Fed waits to implement an effective solution the more disenfranchised community financial institutions may become. The timely development of FedNow will be in the best interest of the public which demands a safe, secure real-time gross settlement system.

The availability of FedNow doesn't necessarily mean it will be immediately usable to financial institutions. Most community financial institutions will gain access to a faster payments system directly through their core provider, which can be a barrier to payment system advancement. Often there are large connection fees, unreasonable project timeframes, or an exclusivity relationship to a preferred core provider. The Fed must not lose sight of this potential impediment to ubiquitous implementation. We encourage the Fed to work directly with the U.S. Faster Payments Council, core providers and other organizations to identify and remove barriers to implementation.

Regards,

Roger G. Kenkel

President & CEO

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new." - Socrates

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