

Proposal: 1747 - Proposed Guidelines for Evaluating Account and Services Requests

Description:

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Comment ID: 138748

From: Bank of Hartington, J. Scott Schrempp

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Subject: OP-1747; Proposed Guidelines for Evaluating Account and Services Requests

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Comments:

NONCONFIDENTIAL // EXTERNAL

Ladies and Gentlemen,

I have been in banking for over 30 years and my family has been in banking for over 100 years. I am very concerned that for the sake of innovation we put the whole banking system at risk. I believe that access to services provided by the FRB and other agencies should be held to standards set at the levels they are presently. If a digital currency needs to be invented then invent one and allow the commercial banks that are already established roll this product out to help its customers. Why should a Fintech company get access to the core processes of our industry that we have worked so hard to build and preserve for hundred's of years? For the sake of progress? Can the Fed progress our industry within its present guidelines by offering a secure form of payment related to the needs of the next generation without sacrificing what has been built to date? Once the doors open the flood will begin and then where do you stop the manipulation of our payment system? I also question the ability for regulators to regulate such entities evenly and fairly. I worry about cybersecurity throughout our system and how a change like this begins to affect the ability for bad actors to access FRB systems process through the back doors entities like this will provide. I understand innovation is important but it cannot and should not be at the cost of the safety and security of our customers. Also, how do you begin to charge these new users of the system in regards to FDIC insurance for the deposits and access you now allow them? Banks like ours have had to pay for this protection for many years. Do we just pay more to protect their interests and they have little to no risk? Will these non-conforming unregulated entities be able to freely use this payment system building competitive products that force small banks like ours out of business? I don't see where our industry gains anything here and only gives up everything. I am adamantly against changes that affect the payments systems this way. Banks should be privy to the access to the FRB as they have followed the guidelines and paid their dues. It is FRB's duty to our country to provide banks with a processing system that we can use to support the new payment methods that are required at this time. We will innovate and develop and the FRB needs to support that process not allow others access to systems that will give them a distinct advantage!!

Best Regards,

J. Scott Schrempp

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