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Sent via email

July 24, 2019

The Honorable Jerome H. Powell, Chair
Board of Governors of the Federal
Reserve Federal Reserve Building
20th Street and Constitution Avenue
Washington, D.C. 20551

Dear Chairman Powell:

On behalf of community banks, we strongly urge the Federal Reserve to provide a real-time gross settlement (RTGS) service role in the delivery of real-time payments.

Having access to the nation's payments system has long been the lifeblood for the operations of the nation's community banks. Due to its role in payments system operations, the Federal Reserve has ensured that community banks have had access to check clearing, wire transfer and ACH clearing and settlement services.

The Fed is uniquely positioned to provide access to all financial institutions because all banks have access to a settlement account with it. A Fed-operated real-time settlement system is consistent with the roles it already serves in providing integrity, safety, transparency, equitable access, and ubiquity for checks, ACH payments, and wire transfers to nearly 11,000 financial institutions of all sizes and charter types. Industry-wide ubiquity may never be achieved without the Federal Reserve developing and operating a real-time gross settlement system and interoperating with the private sector.

The Federal Reserve's development and operation of a real-time gross settlement system would also insert needed competition into real-time payments. Extending its long-standing roles in the payments system to real-time payments would avoid the risk of having only one, for-profit, private-sector settlement service run by the nation's largest and riskiest financial institutions.

Without the Federal Reserve providing RTGS services, access to the payments system becomes fragmented and left in the hands of a private-sector monopoly and subject to the

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whims of third-party processors. Communities are only as strong as their community banks, so let's work together to ensure that community banks have the same access to a cutting-edge payments settlement system. Doing so will establish a foundation that will encourage innovation that will benefit consumers nationwide. Failure to act will lead to a fragmented marketplace, leaving the fate of community banks and Main Street America in the balance.

We have long regarded the Federal Reserve as a valued and trusted partner to community banks by providing equitable access for all financial institutions. We look forward to your decision.

Sincerely,

/s/

Rebeca Romero Rainey
President and CEO
Independent Community Bankers of America

CC: Richard H. Clarida, Vice Chair
Randal K. Quarles, Vice Chair for Supervision
Michelle W. Bowman
Lael Brainerd
Members of the U.S. Senate
Members of the U.S. House of Representatives