CBAI Participates in FedPayments Improvement Community Forum

CBAI continued its active engagement in representing community banks in payments-system improvement by participating in the inaugural FedPayments Improvement Community Forum in Chicago on October 3-4, 2018.

The Forum was an opportunity to collaborate with diverse constituents and provide feedback on the latest payments-system improvement initiatives. Designed to encourage dialogue on a variety of payments-related issues, the agenda included Keynote speakers, presentations, panels and workshops. The Forum provided the ability for participants to influence and guide the nation's journey toward a faster, more efficient and safer payments system.

The Chicago Federal Reserve's Connie Theien (SVP and director, payments industry relations) kicked off the Forum with opening remarks. Earlier in the year CBAI's David Schroeder (SVP federal governmental telations) and Greg Ohlendorf (president and CEO of First Community Bank and Trust in Beecher and ICBA leadership banker) met with Theien in Chicago to discuss the status of payments-system improvement.

The Sponsor Keynote speaker was Lael Brainard (member of the Federal Reserve Board of Governors) who spoke about how "The confidence that payments will be timely and dependable is the cornerstone of America's dynamic and resilient economy." Brainard continued by saying, "Fostering a safe, efficient

and widely accessible payment infrastructure has been a critical aspect of the Fed's mission from its founding in 1913."

Governor Brainard stated, "To fully deliver on the promise of faster payments into the future, we need an infrastructure that can support continued growth and innovation, with a goal of settlement on a 24/7 in real time." To accomplish that goal Brainard said, "we believe that the Federal Reserve and the private sector together need to make investments for the future." **Read Governor Brainard's Remarks**

The Opening Keynote speaker was David Sapenaro (first VP and COO of the Federal Reserve Bank of St. Louis and payments strategy director for the Federal Reserve System). Mike Kelley (president of the Community BancService Corporation) and CBAI's David Schroeder met with Sapenero and Kathleen Paese (EVP Federal Reserve Bank of St. Louis) to review the observations and recommendations from CBAI's **May 5, 2018 letter to the Fed regarding payments-system improvement**.

In its letter, CBAI expressed concern for system improvements which are owned and controlled by the nation's largest banks and financial firms — as they will likely continue to act in their own best interests and regularly stumble, as well as those from fintechs — as these companies present significantly different risks, and new threats to the payments system.

CBAI recommends that the Federal Reserve play a preeminent role in systems improvement by:

- ➢ Providing central-bank settlement;
- ➢ Using its connectivity to provide all financial institutions with access to real-time payments;
- ➢ Serving as an operator for real-time payments as it does for checks, ACH, and wire transfers; and,
- ➢ Operating as a payments directory that would link to financial and other private sector directories.

CBAI will continue its active engagement in this effort to assure that regardless of size, charter type or location, community banks receive equal and fair access to the payments system.

Pictured left to right – David Schroeder (CBAI SVP federal governmental relations), Connie Theien (SVP and director, payments industry relations of the Federal Reserve Bank of Chicago) and Greg Ohlendorf (president and CEO, First Community Bank and Trust in Beecher)

Pictured left to right – L.Cary Whaley (ICBA VP, payments and technology policy) and David Schroeder (CBAI SVP federal governmental relations)

Pictured left to right – Andre Reynolds (VP, Federal Reserve Bank of Chicago – engaged in digital innovations, industry relations and faster payments initiatives) and David Schroeder (CBAI SVP federal governmental relations)