



# Maine Credit Union League

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November 6, 2019

Ann Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Re: Docket Number OP-1670

Dear Ms. Misback:

The Maine Credit Union League (MECUL) appreciates the opportunity to submit comments to the Board of Governors of the Federal Reserve System (the “Fed”) in response to the creation of a faster real-time payments system to be managed by the Fed, called FedNow.

MECUL represents all of Maine’s 55 credit unions, with over 700,000 members and over \$8.2 billion in total assets. Maine credit unions have a higher than average market share of total assets compared to other states. Despite the strong performance in market share, Maine’s credit unions are relatively small compared to other states. Our largest credit union is just over \$700 million in assets, and the average Maine credit union is just over \$150 million in assets. It is from this smaller, rural-based credit union perspective that we share our comments supporting the development of FedNow.

MECUL applauds the Fed’s decision to begin the creation of a faster real-time payments system. FedNow is essential to the modernization of the American economy. Earlier this year, I traveled to Australia with some of my credit union colleagues to examine how financial cooperatives operate in that country. What we found was a robust real-time payments network. The Australian system is reliable, dependable, and used across the financial industry. These same benefits are not ubiquitous in the United States, the world’s largest economy.

There will be many benefits to small rural financial institutions once the FedNow service is launched. First, FedNow will offer much needed competition for real-time payments services. Currently, there are claims that private servicers can offer significant market penetration without FedNow. While that may be true, it is important to remember that these servicers often favor and prioritize to large banks, which can have the impact of

delaying or even limiting access to credit unions. As a result, large banks will be connected to a robust real-time payments system long before rural and small institutions will have the same opportunity.

The Fed should use FedNow as a tool to create a fair and honest means to keep real-time payment service costs and fees in check. This is critically important to our rural credit unions and their members as well. Smaller institutions may not be able to afford a real-time payments platform, but FedNow will most certainly generate a check and balance on providers to ensure real-time payments are available across our nation and not just in economically affluent areas. Reasonable costs and fees also will better benefit our members as they will have access to the same financial tools and products offered to those living in bustling economic centers.

Once to market, FedNow will provide a safe, reliable, and cost efficient faster real-time payments system to all financial institutions regardless of asset size. While current real-time payment providers state they are willing to work with financial institutions of all sizes, only FedNow will guarantee that promise. Smaller financial institutions must have access to a dependable real-time payments system that will be consistent in operation, service, cost, and access.

MECUL strongly supports the Fed's decision to pursue, develop, and come to market with FedNow. In fact, if it is feasible, MECUL supports launching FedNow prior to the 2023/2024 projected availability. In the days of fast paced technological advances, the Fed should develop FedNow with care and thoughtfulness, while wasting no time in attaining the goal. Until FedNow is available rural and small credit unions will suffer by being unable to provide the services their large competitors can offer. Supporting the needs of local financial institutions, especially in areas like rural Maine, is critical to the economic success and fabric of our communities. Arguably, they have greater social and financial impact on the communities they serve than large banks. FedNow will benefit credit unions in rural areas and allow them to focus on what really matters: their members and community.

MECUL is grateful for the opportunity to share our thoughts and we look forward to the development and creation of a real-time payments network to be managed by the Fed.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Mason", followed by a horizontal line.

Todd Mason  
President & CEO

TM:rec