



Commercial Products
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September 5, 2024

Ann E. Misback
Secretary, Board of Governors
Federal Reserve System
20th St. and Constitution Ave, NW
Washington, DC 20551

RE: Docket No. OP-1831, Expansion of Fedwire® Funds Service and National Settlement Service
Operating Hours

Dear Sir or Madam,

Commerce Bank appreciates the opportunity to comment on the Federal Reserve's proposal to expand the operating hours of the Fedwire Funds Service to 22 hours per day, 7 days a week, every day of the year (22x7x365) including weekend days and holidays. Our response to the current questions presented in Docket OP-1831 follow a brief description of our financial institution.

With \$30.6 billion in assets as of June 2024, Commerce Bancshares, Inc. (NASDAQ: CBSH) is a registered bank holding company offering a full line of banking services, including payment solutions, investment management and securities brokerage. Commerce Bank, a subsidiary of Commerce Bancshares, Inc., leverages more than 150 years of experience to help individuals and businesses solve financial challenges. In addition to offering payment solutions across the U.S., Commerce Bank currently operates full-service banking facilities across the Midwest including the St. Louis and Kansas City metropolitan areas, Springfield, Central Missouri, Central Illinois, Wichita, Tulsa, Oklahoma City, and Denver. It also maintains commercial offices in Dallas, Houston, Cincinnati, Nashville, Des Moines, Indianapolis, and Grand Rapids. Commerce delivers high-touch service and sophisticated financial solutions at regional branches, commercial offices, ATMs, online, mobile and through a 24/7 customer service line.

Potential Costs and Risks of Expansion:

Commerce Bank will incur costs to ensure sufficient Wire Operations and Bank staff are available to monitor and process weekend and holiday wire transactions. Monitoring consists of ensuring wires adhere to the Commerce Bank Wire Policy as well as identifying potential acts of fraud, managing OFAC screening matches, and managing any other exceptions or anomalies that require cross-departmental coordination. Processing activities would include initiating investigations to support processing wires for our customers and managing the required dual approvals.

Commerce Bank will incur risks to posting activities due to overnight processing occurring Monday through Friday, excluding holidays, leading to further costs to ensure customer



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account posting accuracy, general ledger accounting management, and contingency processes aren't negatively impacted. Additionally, this expansion would increase risks and costs to operational processes and decisions when managing our Federal Funds account. Risks include the potential to incur intraday overdrafts while costs include staffing implications for weekend funding and monitoring our Fed balance.

Given the option to voluntarily opt-in for the extended window, the potential costs and risks will preclude Commerce Bank from participating.

Constraints, Preferences, and Demand for 24x7x365 Operating Hours:

Commerce Bank has the capability to accept wires over the weekend and evenings but will not be processed until the start of the business banking day. The volume of wires overnight and weekend do not seem to warrant offering an extended window capability to our customers.

Additional Considerations:

Overall, while larger banks may be able to support an extended window, smaller banks may incur constraints precluding them from participating. Given this capability is voluntary opt-in, the Federal Reserve may introduce a potential risk of widening the competitive gap within the banking industry as well as negatively impacting its financial inclusion objectives for customers at smaller community banks.

Thank you for the opportunity to provide our thoughts and feedback on the proposed Expansion of Fedwire® Funds Service and National Settlement Service Operating Hours.

Sincerely,
Cecelia Walsh
Senior Product Manager
Electronic Payments
Commerce Bank