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Board of Governors of the Federal Reserve System

Re: Account Access Guidelines - Tiered Review Framework
Docket No. OP-1747

We appreciate efforts of the Federal Reserve to ensure the safety and soundness of our national payment infrastructure while also fostering improvements in payment speed, security, efficiency and ease of use. The Federal Reserve is to be commended for taking steps to ensure all stakeholders and perspectives are included as the next generation payment capabilities are designed and implemented, and specifically how access will be enabled.

PayNearMe offers a modern, accessible and inclusive payment system built for all US citizens. We've built a modern and intuitive interface that offers the same predictable user experiences that are found in today's most popular apps, making payments easier for all. Our platform offers a robust set of payment choices, from mobile-first options such as Venmo and Apple Pay to cash payments at retail for unbanked and underbanked households and all the most popular payment types in between. The web-based mobile application is lightweight and responsive, allowing for faster payments on nearly any connected device, regardless of internet speed, device type or OS. Smart features are built-in that limit user input errors and payment failures, such as detailed error messages to help troubleshoot a failed payment, or login-free smart links that allow payments without tedious login and data entry. Consumer-facing payment screens are natively translated in English and Spanish, covering the two most frequently spoken languages in the US. Learn more at www.paynearme.com.

As a federal and state regulated non-bank institution delivering customized payment experiences, our perspective is driven by the desire to ensure equal and direct access to core payments infrastructure that ensures our ability to continue to innovate and remain competitive. The pace and breath of payments digitalization forces all of us to be agile to remain relevant, and direct access to Federal Reserve accounts and services is a material differentiator.

State and Federal agencies tasked with the oversight of our nations' payment system have made material progress in alignment on safety and soundness guidelines, supervision, and enforcement. The Federal and State alignment provides the opportunity to leverage oversight when considering due diligence guidance for evaluating state supervised entities who apply for access to Federal Reserve accounts and services, and ongoing oversight if granted access.

Consideration should be given in the Account Access Guidelines related to tiered diligence requirements for the duration, scope, and results of an applicant's state and federal supervision. For example, a payments company with 10 years of state and federal oversight and sound operating history under current proposed framework may be subjected to the "strictest level of review" which appears out of step with current State and Federal regulatory alignment, particularly given Tier 2 institutions will generally receive an "intermediate level of review".

Using the current framework, a logical step would be to create an evaluation and approval process to delineate whether a payment institution is placed in Tier 2 or Tier 3 based upon response to the following:

- A state and/or federally promulgated legal basis for its operations
- A documented history of the company's compliance with all applicable laws and regulations based on routine examinations and audits by federal or state regulatory bodies
- A robust independently reviewed AML program that expressly describes how the company ensures compliance with the BSA and OFAC (transaction monitoring, KYC, OFAC screening, etc.).
- A documented history of the company having adequate liquidity and applicable bonding to minimize risk of loss to the Reserve Bank
- Does not present or create undue operational, settlement, cyber or other risks to the Reserve Bank or overall payment system, and a history of compliance with similar applicable security methodology (i.e. PCI, ISO, SSAE, etc)
- Does not create undue risk to the stability of the U.S. financial system.
- Does not create undue risk to the overall economy by facilitating activities such as money laundering, terrorism financing, fraud, cybercrimes, economic or trade sanctions violations, or other illicit activity

- Does not adversely affect the Federal Reserve's ability to implement monetary policy

Regards

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