BLOCKCHAIN PAYMENT CONSORTIUM

Proposal and Comment Information

Title: Request for Information and Comment on Reserve Bank Payment Account Prototype, OP-1877

Comment ID: FR-2025-0083-01-C30

Submitter Information

Organization Name: Blockchain Payment Consortium

Organization Type: Organization

Submitted Date: 01/29/2026

Please see attached for your consideration.

Response to Proposals For Comment

Regulator: Board of Governors of the Federal Reserve System

Response to: Request for Information and Comment on Reserve Bank Payment Account Prototype

Reference: OP-1877

Date of Submission: Jan 29 2026

Submitted By

Organization: Blockchain Payment Consortium

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To Whom It May Concern:

Please find attached the Blockchain Payment Consortium's ("BPC") response to docket No. OP-1877: Request for Information and Comment on Reserve Bank Payment Account Prototype. BPC appreciates the opportunity to express its support of a Payment Account at the Federal Reserve for eligible financial institutions. The GENIUS Act's passage is proof that stablecoins and blockchains are welcomed innovations to the U.S. payment system. Now, the Federal Reserve has the opportunity to support this innovation while upholding its mandate to safeguard the payment system. Providing eligible institutions with "skinny accounts" is an innovative, productive, and critical next step.

Thank you for your consideration.

Responses to Request for Information

1. Would the design of the Payment Account prototype support payment activities of eligible institutions?

The Payment Account prototype is an overdue and much-welcomed addition to the modernization efforts of the U.S. payment system. While the Blockchain Payments Consortium ("BPC") does not fully agree with the Payment Account prototype, we strongly believe that a Payment Account would, at its minimum, support the payment activities of select critical institutions like stablecoin issuers and offramp providers. By providing a path to settle in and hold central bank money, the Federal Reserve (or the "Fed") finally offers viable alternatives to commercial bank intermediaries.

Commercial banks lack the proper economic and commercial incentives to be honest actors in a competitive market that includes the stablecoin economy. We see this today as banks continue to lobby against competitive stablecoin interest rates for everyday people. Direct Fed access would allow stablecoin issuers to settle in the safest asset class and address intermediary risks inherent with commercial bank deposits — a primary cause of market volatility during the 2023 regional banking crisis. As witnessed then, it was the mismanagement of Silicon Valley Bank ("SVB") that led to stablecoin volatility, not the other way around.

However, we note that proposed services available to a Payment Account are limited and only support a narrow set of services. At its core, a Payment Account should give payment disruptors a level playing field against incumbents. We note historical payment innovations were largely relegated to UI/UX improvements rather than structural benefits because of these exact barriers. It would be prudent for the Federal Reserve to avoid similar outcomes.

2. What payment activities or use cases would a Payment Account best facilitate (or be unable to facilitate)?

Following the implementation of the GENIUS Act, access to central bank settlement systems is critical to safe stablecoin adoption. Stablecoin issuers with a Payment Account can better support exchanges and offramp providers with issuance, redemption, and liquidity services. For retail, issuers can directly settle with small business owners who would benefit from instant payouts. For wholesale users, issuers can facilitate real-time settlement between interstate commerce parties, regardless of a party's banking partner. The Federal Reserve is well-positioned to solve coordination issues that can result from stablecoin payment solutions developed in the private marketplace.

Access to Fed payment systems integrates stablecoins into the dollar's value chain. Merchants can accept stablecoins, access funds as bank deposits, and withdraw in fiat, preserving the singleness of money across all forms. Stablecoin fungibility with the dollar is mutually beneficial for stablecoin users and ensuring dollar activity remains within the purview of the Federal Reserve.

However, denying access to Fedwire Securities (Transfer Against Payments) denies stablecoin issuers, systemically important buyers of U.S. Treasuries, from direct participation in the wholesale Treasuries market. This means issuers must acquire reserve assets via a third party, reintroducing the settlement risk that Fedwire Securities was designed to solve.

3. What barriers to innovation in payments would a Payment Account eliminate or alleviate?

A Payment Account would eliminate uncompetitive practices that undercut consumers and concentrate risk around a handful of banks. Today, users of dollars cannot access a productive savings rate and central bank payment systems. Every transfer requires a banking partner, which means innovation requires permission from the very incumbents that innovators intend to disrupt. Crucially, banks are already experimenting with their own stablecoins. Preventing other stablecoin issuers from Fed access will only give access to bank-stablecoin issuers. A Payment Account supports the use of transfer rails like blockchain that need central bank services to convert to fiat. This is mutually beneficial: consumers have more options and the Federal Reserve maintains visibility of dollar activity.

4. Would the design of the Payment Account prototype potentially increase the range of risks to the payment system identified in the Guidelines? If so, in what ways?

A Payment Account lowers systemic and contagion risk by diversifying payment reserves and activities away from commercial banks, many of which are intimately connected. Other operational and cyber risks identified in the Guidelines have already been addressed and continue to be improved upon by blockchain analytic firms, which can now proactively identify illicit activity through advanced AI/ML models. Smart contract audits and multi-signature security protocols often exceed traditional banking best practices. Direct Fed access also reduces settlement risk due to sponsor bank dependencies.

5. What are the benefits and challenges of imposing an overnight balance limit on a Payment Account? Are there adjustments to the proposed formula for setting the balance limit that the Board should consider if it decides to establish a Payment Account?

An overnight balance limit imposes potential restrictions on the size and nature of business that a Payment Account can support and severely underestimates the scale of the $4 trillion digital asset market. The current overnight balance limit would require the majority of stablecoin reserves to still be held within the banking system. Access to central bank systems is insufficient if risk is still present in third-party relationships. We suggest raising the overnight limit to 30-40% so businesses can safely support overnight and other liquidity needs.

6. What are the benefits and drawbacks of paying no interest on overnight balances in a Payment Account?

While BPC understands why this design proposes no interest on overnight balances, it introduces a net cost to holding money in a Payment Account. Allowing issuers to earn interest also creates a stronger link between real interest rates and households, unlike today where banks primarily keep interest as revenue.

7. How might the Federal Reserve condition access to a Payment Account on the applicant having an acceptable AML, Bank Secrecy Act (BSA) and Countering the Financing of Terrorism (CFT) compliance programs and, more generally, how can the Federal Reserve best constrain AML/BSA/CFT risks associated with a Payment Account?

The Federal Reserve should recognize that blockchain-native firms offer superior AML visibility compared to traditional banks through onchain transparency and real-time analytics. The Federal Reserve must focus on outcomes and acknowledge the use of novel and emerging technology to achieve results. Only focusing on AML/KYC compliance is insufficient to effectively mitigating and addressing illicit activity. Nearly all blockchain intelligence service providers, retrace flow of funds, and more. Anyone, including the Federal Reserve, can also view public blockchain activity on blockchain explorers. The Federal Reserve can integrate with service providers to host its own explorer, if needed.

We propose that the Fed move beyond static reporting and integrate real-time monitoring. The Fed should embrace blockchain analytics integration as a requirement for Payment Account access.

8. Are there additional features or limits that the Board should consider in the design of the Payment Account prototype?

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