

VISA, CLINTON CHEN

Proposal and Comment Information

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

Comment ID: FR-2025-0083-01-C50

Submitter Information

Organization Name: Visa

Organization Type: Company

Name: Clinton Chen

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Visa appreciates the opportunity to submit the attached comment letter.



Via Electronic Submission

February 6, 2026

Benjamin W. McDonough, Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Docket No. OP-1877 - Request for Information and Comment on Reserve Bank Payment Account Prototype

Ladies and Gentlemen:

On behalf of Visa Inc., (“Visa”) we appreciate the opportunity to submit comments in response to the Federal Reserve Board’s Request for Information on the Payment Account Prototype (Docket No. OP-1877) (the “RFI”). We commend the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) on its efforts to solicit public input on this important initiative and offer the following comments on several key issues raised in the RFI.

About Visa

Visa is a global electronic payment system founded on the idea that by moving money digitally, we could make it move faster, more efficiently and more securely. For over 60 years, Visa has brought together the ideas, innovation, data, and partners required to make the digital transformation of society more sustainable and inclusive. Our mission is to connect the world through the most innovative, reliable, and secure payment network enabling individuals, businesses, and economies to thrive. We are committed to staying at the forefront of innovation by emphasizing openness, collaboration, and engagement with the wider economy.

Today, Visa operates the world’s largest payment network and platform by transaction volume. VisaNet, our advanced global processing network, enables the movement of \$16 trillion annually and can handle more than 65,000 transaction messages per second via our advanced global processing network, facilitating the clearing and settlement of card payment transactions in more than 200 countries and territories. During Visa’s fiscal year 2025 (October 1, 2024, through September 30, 2025), Visa and partner networks processed over 329 billion payments and cash transactions bearing Visa’s brand, an average of 901 million transactions per day. Visa also offers the Visa Direct platform, which supports push payments to bank accounts, digital wallets, and cards. This platform allows businesses, governments, and individuals to send and receive funds globally in near real time, reducing reliance on slower, fragmented correspondent banking systems. Visa Direct utilizes more than 90 domestic payment schemes and more than 60 card and wallet networks, with the potential to reach approximately 12 billion endpoints through approximately 4 billion cards,



bank accounts and digital wallets, respectively. In Visa's fiscal year 2025, Visa Direct processed more than 12.5 billion transactions for more than 650 partners.

Through both of these market-leading platforms, Visa's core role is acting as a trusted intermediary, mitigating counterparty risk and simplifying foreign exchange conversions, while providing unified settlement modalities that accommodate both domestic and cross-border transactions. Serving in this capacity across such a large number of transactions and jurisdictions to numerous Visa members and other payment firms has allowed Visa to develop a strong appreciation for both the potential that direct access to payments systems provides in many jurisdictions and the need for clear processes and strong oversight to ensure that risks do not enter or propagate through the payment system.

Visa's Perspective on the Payment Account Prototype

Policy Objectives and Impact on the Payments System

Visa supports the general objectives of the Federal Reserve Payment Account Prototype (the "Payment Account"). The proposed Payment Account can increase access to Federal Reserve services for eligible financial institutions, making the payments system more efficient, increasing competition, facilitating innovation, and improving consumer and merchant experiences. Visa has seen these objectives accomplished by similar proposals in other jurisdictions that have safely and soundly permitted firms beyond full-service banks to directly access central bank services.

That said, Visa believes it is critical that Payment Accounts be offered in a manner that does not enable regulatory arbitrage, introduce new and unmitigated risks to the financial ecosystem, or undermine safety and soundness. Visa strongly believes in the principle of same activity, same regulation. Proposals in other countries have included safeguards to ensure that non-bank payment services providers afforded access to central bank payment systems meet minimum risk-mitigation and/or supervisory requirements as well as, in some cases, measures to limit the use of payment systems accounts for safeguarding as opposed to payments services. Moreover, unlike these and other jurisdictions, the United States does not have a federal charter or license specific for payments activity, and eligibility to receive Federal Reserve Bank payments services is limited by statute to institutions that are member banks or meet the definition of a depository institution under section 19(b) of the Federal Reserve Act. Visa therefore expects that, unlike in other jurisdictions, many firms seeking access to Payment Accounts will have non-traditional charters or propose novel use cases in combination with traditional banking charters. These entities will also in many cases not be subject to oversight by the Federal Reserve Board, any Federal Reserve Bank, or indeed any federal financial supervisor. Consistent with its mandate to cooperate with the other federal and state supervisory agencies that oversee subsidiary depository institutions of bank holding companies, the Federal Reserve Board should ensure that it and the Federal Reserve Banks engage with the state and federal agencies that serve as the primary supervisors of these Payment Account holders to exchange information and ensure consistent oversight frameworks prevent material risks to the payments system from emerging.



This coordination and engagement will be particularly critical with respect to ensuring Payment Account holders meet the same Bank Secrecy Act (“BSA”) and anti-money laundering (“AML”) standards as financial institutions that currently have access to Federal Reserve payments services through a Master Account. Indeed, Visa expects that firms in the payments industry may view an entity’s access to a Payment Account as establishing that the firm has met minimum standards of BSA/AML compliance. Payment Account holders should therefore be required to document that they have a BSA/AML compliance program that meets requirements under the BSA, including a designated officer responsible for BSA/AML compliance; robust risk-tailored and documented policies, procedures, and internal controls; appropriate training of employees, management, and board members; and ongoing independent audit and testing. The Federal Reserve Board should also consider requiring eligible financial institutions that are not subject to federal oversight to commit to authorizing the Federal Reserve to conduct a BSA/AML examination. Visa strongly believes in the principle that the same activity should be subject to the same regulation and, absent such requirements, there is a risk that the Payment Account could be used to facilitate regulatory arbitrage while also providing an imprimatur of legitimacy to less supervised firms.

To ensure that the Reserve Banks appropriately and uniformly implement these standards, the Federal Reserve Board should consider updating or supplementing its existing Guidelines for Evaluating Account and Services Requests (the “Guidelines”) to clarify the specific information firms seeking Payment Accounts will be expected to provide and establish clear factors by which the Reserve Banks can evaluate this information. This approach would provide transparency into the requirements that Payment Account holders must meet while providing a foundation for the Reserve Banks to uphold a solid floor of compliance and resilience across the payments system. Updating the Guidelines could also clarify how Reserve Banks would be expected to monitor existing account relationships to identify and manage potential sources of risk to the payments system, as well as to evaluate ongoing eligibility to receive Federal Reserve services.

Account Features and Payment Account Implementation

While Visa appreciates the need for robust controls over which firms may access Payment Accounts and how Payment Accounts may be used, Visa believes that certain of the limits on Payment Accounts under consideration in the RFI may frustrate many of the benefits to the payments system that could flow from according access to novel use cases in a safe and sound fashion.

I. Allow Payment Account Holders to Access FedACH Credit in Ways That Minimize Financial Risk to the Reserve Banks

Under the current proposal, holders of Payment Accounts are not permitted to access services that cannot automatically reject daylight overdrafts, including FedACH. Visa’s experience with its members is that access to multiple central bank payments services has been critical to establishing the scope and reliability of payment platforms because



interconnection with additional services enhances both the effectiveness and the usefulness of the platform. Payment Account holders may therefore find it difficult to compete with existing financial institutions if they lack access to key payment system services. Without access to FedACH, in particular, Payment Account holders are likely to find themselves maintaining private payment rails that are duplicative of the Fed's payment systems or opting for riskier and operationally less efficient payment methods.

While the Federal Reserve Board is appropriately concerned with financial risks to the Reserve Banks associated with novel business models, other controls may strike a better balance between managing risk and offering a commercially viable Payment Account. Specifically, the Federal Reserve Board should consider allowing Payment Account holders to solely access FedACH credit, with appropriate controls to mitigate risks related to timing and finality of payment. Such access should limit overdraft risk to the Reserve Banks but would facilitate the objectives of the Payment Account.

II. Increase and Clarify Overnight Account Balance Limits

Visa agrees that limiting overnight balances is appropriate for an account designed for clearing and settling payments. This limit and the absence of interest on balances held in a Payment Account will incentivize Payment Account holders to use Payment Accounts for payments purposes and not investment or custody purposes.

At the same time, Visa encourages the Federal Reserve Board to recognize that high-volume payments business models may require a greater overnight limit to fund morning settlements. Further, Visa believes that the industry would benefit from additional clarity on whether the proposed overnight balance limit of 10% of the Payment Account holder's total assets is based on the specific legal entity holding the Payment Account or the total asset size of the organization overall. A 10% limit based on the specific entity holding the Payment Account may be prohibitively low, even for payments purposes.

III. Clarify Account Usage Limitations

Visa believes that the industry would benefit from additional clarity regarding the usage restrictions placed on Payment Accounts. Specifically, the RFI contemplates that payment accounts would be limited to processing "the institution's" payment activity. Visa interprets this limitation as intended to foreclose the use of Payment Accounts to facilitate correspondent and respondent relationships, rather than prohibiting payment services firms from aggregating and processing transactions from their customers, as most Master Account holders do today. This sort of bulk processing is the business of payments, not a novel use case, and does not present expanded notable risk to the Reserve Bank, the payments system, or financial stability, provided that it is conducted in a safe and sound fashion consistent with applicable BSA/AML requirements. Accordingly, the Federal Reserve Board should clarify that Payment Accounts can be used to process the institution's and its customers' payments activity, but cannot be used to process payments for other institutions that would otherwise qualify for a Payment Account itself.



Conclusion

We appreciate the Federal Reserve Board's consideration of these comments and welcome the opportunity to provide further input as the rulemaking process continues. We applaud the Federal Reserve Board's commitment to innovation and expanding access to valuable technology as we seek to connect even more people, businesses, and communities in the coming years.

Sincerely,

A handwritten signature in black ink, appearing to read "Clinton Chen".

Clinton Chen
Senior Managing Counsel, Global Risk and Regulatory Affairs
Visa Inc.