

AMERICA'S CREDIT UNIONS, ANDREW MORRIS

Proposal and Comment Information

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

Comment ID: FR-2025-0083-01-C81

Subject

Docket No. OP-1877 - America's Credit Unions Comments re: Reserve Bank Payment Account Prototype

Submitter Information

Organization Name: America's Credit Unions

Organization Type: Organization

Name: Andrew Morris

Submitted Date: 02/06/2026

On behalf of America's Credit Unions, please find attached our comment regarding the notice titled "Request for Information and Comment on Reserve Bank Payment Account Prototype " [Docket No. OP-1877]. Thank you.

Best,
Andrew Morris

[photo-logo]

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**America's
Credit Unions**

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

Dear Mr. McDonough,

On behalf of America's Credit Unions, I am writing regarding the request for information (RFI) issued by the Board of Governors of the Federal Reserve System (Board) seeking input on a special purpose Reserve Bank account prototype (a Payment Account). America's Credit Unions is the voice of consumers' best option for financial services: credit unions. As not-for-profit, member-owned financial cooperatives, credit unions play a vital role in the financial well-being of individuals, families, and small businesses across the country. We advocate for policies that allow credit unions to effectively meet the needs of their over 145 million members nationwide.

While we appreciate that the proposed Payment Account addresses a subset of risks by limiting access to certain features of Reserve Bank master accounts, it is not clear how the overall review process for likely applicants, such as uninsured depositories, aligns with the goals set forth in the Board's Account Access Guidelines.¹

General Comments

In 2022, the Board's Account Access Guidelines established three tiers of review for eligible institutions applying for master account access. Under this framework, non-federally-insured institutions without a holding company parent subject to Board supervision were designated as tier three institutions, deemed higher risk, and would "generally receive the strictest level of review."² The Board has now devised a special purpose account for non-federally-insured institutions that would facilitate "more streamlined review than a request for a Master Account from a comparable institution."³

¹ See Board of Governors of the Federal Reserve System, Guidelines for Evaluating Account and Services Requests, 87 Fed. Reg. 51099 (August 19, 2022).

² *Id.*

³ See Board of Governors of the Federal Reserve System, Request for Information and Comment on Reserve Bank Payment Account Prototype, 90 Fed. Reg. 60096, 60098 (December 23, 2025).

The Board suggests that the limited feature set of the Payments Account offsets higher risks associated with uninsured depositories; however, most of the restrictions associated with the proposed account are designed to mitigate only credit risk.

While we are supportive of the Board’s decision to preemptively address credit risk by limiting eligibility to earn interest on account balances, access to the discount window and intraday credit, and by imposing other account restrictions, the Board should articulate a more robust set of controls that address operational risks posed by applicants not subject to the insurance-based oversight of a functional banking regulator. For example, some uninsured, state-chartered institutions eligible to apply for a Payments Account may not be subject to the interagency guidance developed by the Federal Financial Institutions Examination Council (FFIEC) addressing adoption of IT security controls. Lack of federal supervision and oversight of an institution’s cybersecurity practices could pose risks to the reliability and safety of Reserve Bank payments infrastructure.

Certain institutions eligible to apply for a Payments Account could also take advantage of language in section 16(d) of the Guiding and Establishing National Innovation for U.S. Stablecoins of 2025 Act (GENIUS Act) that would allow any state-chartered uninsured depository institution with a stablecoin issuer subsidiary to engage in a broad range of money transmission activities (not exclusive to stablecoins) nationwide.⁴ The ability of an uninsured institution to access Reserve Bank payments infrastructure and export a single state’s money transmitter laws to engage in nationwide money transmission could undercut multi-state efforts to adopt standards and licensing regimes designed to combat money laundering.

In instances where a Payments Account applicant is structured to take advantage of the preemptory language in section 16(d) of the GENIUS Act, the Federal Reserve should consult not only with the institution’s home state, but also host states impacted by an uninsured applicant’s money transmission activities. Relevant in this context is the Board’s statement in the Account Access Guidelines that a Reserve Bank “should incorporate, to the extent possible, the assessments of an institution by state and/or federal supervisors into its independent assessment of the institution’s risk profile.”⁵ Host states may find that an institution poses elevated money laundering risks if its access to Reserve Bank infrastructure facilitates greater scale in money transmission activities while remaining exempt from other states’ money transmission laws. The Board should take into consideration how access to Reserve Bank settlement infrastructure may propagate such risk in an environment where a single state’s money transmission laws override those of other host states.

⁴ See Letter from Conference of State Bank Supervisors et al. (August 13, 2025), available at <https://www.csbs.org/sites/default/files/other-files/Coalition%20Letter%20to%20Strike%20Uninsured%20Depository%20Institution%20Flaw%20of%20GENIUS%20Act.pdf>.

⁵ 87 Fed. Reg. 51107.

Lastly, the Board should consider the broader financial stability implications of inviting greater flows of funds into uninsured, special purpose institutions by facilitating direct access to Reserve Bank settlement infrastructure. The eligibility criteria for master accounts have traditionally focused on the health and safety of insured depository institutions, with an implied understanding that institutions eligible to obtain deposit insurance would hold their customers' funds in dollar-denominated accounts. Today, the types of uninsured institutions interested in securing access to the Reserve Banks' payments infrastructure may not plan to hold a majority of their customers' funds as dollars, acting instead as custodians of various digital assets and using Payment Account privileges primarily for the purpose of settling crypto to dollar trades, or vice-versa. Over the long term, regulatory choices that bring special purpose institutions closer to the role of traditional insured depositories could frustrate the Board's ability to execute monetary policy or implement traditional features of safety and soundness oversight. While reliance on intermediaries and correspondent institutions to access settlement services may impose costs on special purpose crypto companies, those costs can be regarded as the necessary friction to ensure that the broader financial sector continues to operate in dollars and in a way that is responsive to the Board's monetary toolset during times of crisis.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the request for information. Should you have any questions, please contact me at amorris@americascreditunions.org.

Sincerely,

A handwritten signature in black ink that reads "Andrew Morris". The signature is written in a cursive style with a large initial 'A'.

Andrew Morris
Director, Innovation and Technology