

FINANCIAL TECHNOLOGY ASSOCIATION, ANGELENA BRADFIELD

Proposal and Comment Information

Title: Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers Through the Fedwire Funds Service and the FedNow Service, R-1891

Comment ID: FR-2026-0011-01-C35

Subject

FTA Reg J Comment Letter - Docket No. R-1891

Submitter Information

Organization Name: Financial Technology Association

Organization Type: Organization

Name: Angelena Bradfield

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Hello:

Please find attached a comment letter from the Financial Technology Association responding to your Regulation J proposal.

We appreciate the opportunity to provide our insights and would be happy to discuss anything raised in the letter with you further. Please don't hesitate to be in touch.

Sincerely,
Angelena

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Angelena Bradfield

Head of Policy

Financial Technology Association

angelena@ftassociation.org <mailto:angelena@ftassociation.org> |

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June 9, 2026

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

**FTA Comment Letter re Collection of Checks and Other Items by Federal Reserve Banks
and Funds Transfers Through the Federal Reserve Banks (Regulation J)**
(Docket No. R-1891 and RIN 7100-AH23)

The Financial Technology Association (FTA) appreciates the opportunity to submit comments in response to the Board of Governors of the Federal Reserve System’s (Federal Reserve or Board) proposed amendments to Regulation J (Reg J). As a network of financial technology leaders dedicated to shaping a modernized, accessible, and competitive financial ecosystem, FTA strongly supports the Board’s ongoing efforts to upgrade and expand the capabilities of the national payments system. We applaud the Federal Reserve for its recent forward-leaning steps to explore a Fed payments account and support this proposal to expand the FedNow Service to support cross-border money movement by explicitly permitting non-Reserve Bank intermediaries to participate in the transaction chain.

This proposal represents a vital step toward real-time cross-border payments—an area where FTA members have long been focused on improving efficiency, transparency, and financial outcomes for consumers and small businesses. FTA has been a long-time supporter of FedNow, and our membership remains deeply committed to expanding the adoption, utility, and reach of this instant payment rail. The Board should be commended for recognizing the demands of the modern digital economy and proactively introducing updates that align FedNow with global payment advancements. As part of these updates, the Board should modify the OBO residency restriction in the FedNow Service operating rules — which requires the ultimate end customer in any OBO flow to be U.S.-resident or U.S.-domiciled — to allow regulated PSPs with appropriate compliance frameworks to process real-time payments on behalf of non-U.S. end users. In addition, we urge the Board to include language clarifying that under Reg J and the Reserve Banks’ operating circulars, correspondent banks should honor customers’ instructions to use Fedwire or FedNow for the U.S. domestic leg of a transfer, where the requested service is available and the transfer is consistent with applicable law and risk-based compliance controls. Finally, we also believe it would be helpful for the Federal Reserve to include a provider-neutral field or other mechanism that clearly identifies the last leg of an international transfer to allow firms to better screen those payment legs. That transparency would help banks and payment firms screen relevant payment legs more effectively, reduce implementation uncertainty, and better support the Board’s goals for safe, efficient cross-border payment

solutions. Ultimately, adopting all of these recommendations would assist with implementation and ensure industry is meeting the goals of the Board's proposed amendments to Reg J.

Additionally, while we strongly support these Reg J amendments as a critical step in the right direction, we believe the long-term success of national payments system modernization efforts and cross-border innovation will be achieved most effectively through a holistic approach. To fully unlock the power of these infrastructure upgrades, the Board should execute this rulemaking concurrently with the expansion of direct payment system access, as envisioned by the Federal Reserve's recent payments account proposal. Subject to FTA's prior and forthcoming comment on the proposal,¹ pairing updated routing rules with broadened participation will ensure a truly competitive, fair, and innovative marketplace. Absent such participation, legacy providers maintain powerful incentives to prevent or exclude nonbanks from participating in real-time networks in order to protect revenue streams and status quo service offerings.

Notably, the United States payment system relies on legacy approaches that risk falling behind rapid advancements in global markets like the United Kingdom, Brazil, and Singapore, which do not require a banking charter for participation. Modernization is necessary to reduce transaction costs, improve settlement velocity, and lower systemic risks. Under the current framework, well-regulated payments firms are required to work through banks to settle transactions at the Federal Reserve. As noted, this approach fuels anticompetitive incentives and inadvertently introduces unnecessary operational costs, creates settlement bottlenecks and chokepoints, and undermines open competition.

Expanding access to the payments system via an inclusive payment account framework is a powerful mechanism to solve these challenges. By allowing payments-focused firms to hold direct settlement balances at the Fed without engaging in lending or fractional reserve maturity transformation, the Fed can help lower costs and improve settlement timing across the entire economy. Broadening access directly mitigates concentration and debanking risks by diversifying the network and ensuring that American infrastructure is resilient and redundant. It can also help expand adoption and use of FedNow.

To this end, FTA members are uniquely positioned to help the Federal Reserve realize its vision for a modernized payment ecosystem. Utilizing cloud-native, API-first architectures, our members process trillions of dollars in transactions annually with enhanced uptime, security, and real-time fraud monitoring capabilities. We look forward to leveraging this technical expertise to drive the adoption of the newly proposed cross-border features, helping to connect American consumers and businesses to the global financial system instantly and affordably.

¹ Financial Technology Association, Comment Letter on Reserve Bank Payment Account Prototype (Docket No. OP-1877), (Feb. 6, 2026), *available at* <https://www.ftassociation.org/wp-content/uploads/2026/02/FTA-Comment-Letter-on-Fed-Payments-Account-Proposal.pdf>.

Finalizing these initiatives together will advance adoption of FedNow, drive down costs, and deliver a world-class payment experience to the public. We thank you for your consideration of our comments and stand ready to collaborate with Board staff to advance our shared modernization and innovation goals.

Respectfully submitted,



Angelena Bradfield
Head of Policy
Financial Technology Association