HOOSIER HEARTLAND STATE BANK, BRAD MONTS

Proposal and Comment Information

Title: Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests, OP-1878

Comment ID: FR-2026-0013-01-C08

Subject

Docket No. OP-[1878]

Submitter Information

Organization Name: Hoosier Heartland State Bank

Organization Type: Organization

Name: Brad Monts

Submitted Date: 07/14/2026

NONCONFIDENTIAL // EXTERNAL

Tuesday, July 14th, 2026

Benjamin W. McDonough

Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue NW

Washington, DC 20551

RE: Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests [Docket No. OP-1878]

Dear Secretary McDonough:

I am Brad Monts, President & CEO at Hoosier Heartland State Bank, a community bank based in Crawfordsville, Indiana that serves Montgomery County and surrounding counties with consumers, small business, public education, and farmers across Indiana. I appreciate the opportunity to comment on the Board's proposal to establish a special-purpose payment account.

Community banks meet rigorous standards for capital, supervision, consumer protection, and deposit insurance. These requirements protect depositors, support responsible local lending, and help keep the payment system safe. By granting direct access to the Federal Reserve payment system to institutions that are not subject to the same prudential, supervisory, and community-focused requirements, the proposal extends the benefits of Federal Reserve access without the corresponding safeguards. It could also divert deposits and payment activity away from the community banks like mine that support local economic development.

I am also concerned about the risk to the payment system. Extending this access shifts critical responsibilities, including Bank Secrecy Act/anti-money laundering and sanctions compliance, onto entities that may have less oversight than banks.

If the Board proceeds, I urge it to adopt strong, mandatory guardrails: a low limit on account balances and on the number of accounts during an initial period; mandatory Bank Secrecy Act/anti-money laundering and sanctions compliance requirements for every account holder; clear off-ramps and ongoing review if risks emerge; and an explicit statement that a payment account is not a pathway to a master account. Access to the Federal Reserve's accounts and services should remain tied to strong prudential oversight.

The banking system is strong and the level of training and compliance in BSA/AML are much more intense than that of retailers or other industries. By allowing other industries direct access to the Federal Reserve puts not on the community banks at risk, it buts our nation at risk. Banks play a significant role and bypassing them puts banking at an unlevel playing field and a creates a risk for all levels of industries. The regulation, capital requirements, supervision, and deposit insurance assessments that are already placed on banks weight even more and community banks like ours with this direct access to the Fed.

Thank you for considering my thoughts and views.

Respectfully,

Brad

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Brad Monts
President & CEO

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