INDEPENDENT BANKERS ASSOCIATION OF TEXAS, CHRISTOPHER L. WILLISTON VI

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-C105

Subject

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

Submitter Information

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Organization Type: Organization

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July 27, 2026

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

Via email to publiccomments@frb.gov.

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 Mr. McDonough,

The following comments are submitted by the Independent Bankers Association of Texas ("IBAT".) We represent bankers serving communities across Texas who support a safe, resilient, and competitive national payment system. Both the association and our bankers appreciate the opportunity to comment on the Board of Governors of the Federal Reserve System's proposal to revise the Federal Reserve Policy on Payment System Risk and the Account Access Guidelines to accommodate special-purpose accounts that would clear and settle certain payment activity ("Payment Accounts").

Community banks support responsible payments innovation and recognize the value of faster, more efficient payment systems. However, innovation should occur within a framework that preserves public confidence, protects consumers, mitigates systemic risk, and maintains competitive neutrality between federally insured banking organizations and nonbank entities. Direct or near-direct access to Federal Reserve payment services by 'institutions' without comparable prudential oversight raises important policy, safety-and-soundness, consumer protection, and competitive-equity concerns.

Access to Federal Reserve payment services should not be granted without equivalent responsibilities, equivalent oversight, and equivalent accountability.

For these reasons, we urge the Board to adopt any final Payment Account framework only with strong, enforceable safeguards and clear public standards. In particular, the Board should:

1. Preserve a level playing field and bank-equivalent risk controls.

Community banks are subject to comprehensive prudential supervision, deposit insurance requirements, capital and liquidity rules, Bank Secrecy Act/anti-money laundering obligations, consumer compliance standards, and ongoing examination. Any non-federally insured institution granted access to a Payment Account should be required to meet standards that are functionally equivalent to those applicable to insured depository institutions for operational resilience, liquidity risk management, cybersecurity, sanctions screening, fraud controls, and compliance governance. The Federal Reserve should not allow a Payment Account to become a pathway for regulatory arbitrage or a substitute for the responsibilities that accompany traditional bank access.

2. Apply conservative liquidity, settlement, and balance limitations.

We support the proposal's cautious approach of limiting Payment Accounts to clearing and settlement activity and excluding access to discount window borrowing and intraday credit. The Board should make these limitations explicit and durable in any final policy. Reserve Banks should also apply conservative closing balance limits, robust prefunding requirements, and real-time monitoring to ensure Payment Account activity does not create settlement, liquidity, or contagion risk during periods of market stress or operational disruption.

3. Protect community banks from indirect operational and liability burdens.

Community banks often rely on correspondent relationships and shared payment infrastructure to serve local households, small businesses, farms, and municipalities. Introducing additional non-bank participants into Federal Reserve payment services could increase complexity for fraud mitigation, return handling, dispute resolution, sanctions compliance, and transaction monitoring.

Community banks continue to experience rapidly increasing fraud losses, including check fraud, business email compromise, synthetic identity fraud, and authorized push payment scams. The addition of new participants to the payment ecosystem should not increase fraud exposure or create uncertainty regarding liability allocation. The final framework should clearly assign responsibility to the Payment Account holder and should prohibit shifting compliance, operational, or loss-allocation burdens to community banks that are not party to the non-bank's access arrangement.

4. Illicit Finance Vulnerabilities

Under the proposal, a Reserve Bank may, at its discretion, require a Payment Account holder to provide information showing its compliance with BSA/AML and Office of Foreign Assets Control requirements. This may include independent third-party assessments, attestations, copies of audit reports, regular meetings, and notice of enforcement actions or material deficiencies. We concur with Federal Reserve Governor Michael S. Barr in his formal dissent that the proposal lacks provisions for the Federal Reserve to independently inspect, examine, or audit the AML/BSA compliance procedures of these account holders.

We strongly urge the Board to maintain stringent risk-management controls, comprehensive supervision, and equal capital and compliance requirements for any Payment Account holder.

Reliance on third-party attestations and periodic reporting is not a substitute for direct supervisory access. Effective BSA/AML compliance requires independent verification, validation of suspicious activity monitoring systems, sanctions screening controls, governance structures, and escalation processes. Without examination authority, the Federal Reserve may not have sufficient visibility into emerging illicit-finance risks until a significant failure occurs.

5. **Federal Reserve Supervisory and Enforcement Authority**

Any entity granted a Payment Account should be subject to ongoing supervisory oversight, examination authority, reporting requirements, and enforcement mechanisms comparable to those applicable to federally insured institutions. The Board should not establish a framework under which an entity receives access to critical Federal Reserve infrastructure without a clear legal mechanism to assess compliance, conduct examinations, require corrective action, and address material weaknesses.

6. Transparency and Public Accountability

The Board should publicly disclose the standards, eligibility criteria, and risk-management expectations applicable to Payment Account holders. Public transparency promotes consistency, enhances confidence in the payment system, and reduces perceptions that similarly situated institutions are being treated differently.

We respectfully urge the Board to proceed cautiously and ensure that any final Payment Account framework maintains the safety, integrity, and fairness of the U.S. payment system. Access to Federal Reserve payment services is a significant public privilege that should be accompanied by corresponding supervision, accountability, and risk-management obligations. We appreciate the opportunity to comment and look forward to continued engagement on this important issue.

Texas community bankers appreciate your ongoing dedication to both a balanced and stable banking system that serves the communities that depend upon it.

Sincerely,

/s/

Christopher L. Williston VI
President and CEO
Independent Bankers Association of Texas (IBAT)