CHOICEONE BANK, MICHAEL J. BURKE, JR.

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-C11

Subject

Docket No. OP-[1878]

Submitter Information

Organization Name: ChoiceOne Bank

Organization Type: Organization

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

Dear Secretary McDonough:

I am Mike Burke, President at ChoiceOne Bank, a community bank based in Sparta, MI that serves both rural and suburban customers across our great state. We primarily serve consumer, commercial, agricultural and wealth management customers. 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.

Fraud, especially against our vulnerable senior citizens, is at an all time high. They look to community banks like ChoiceOne Bank to help protect their money and credit. Having said that, sometimes they have a difficult time determining if new entrants into the financial system are as trustworthy as their local bank and bankers. I fear that adding in another type of institution with little oversight will do nothing but exasperate the situation.

Thank you for considering my views.

Respectfully,

Michael J. Burke, Jr.

President

ChoiceOne Bank

Lapeer, MI