FLORA BANK AND TRUST, DAN GRAHAM

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-C22

Subject

Docket No. OP-[1878]

Submitter Information

Organization Name: Flora Bank and Trust

Organization Type: Organization

Name: Dan Graham

Submitted Date: 07/16/2026

July 16, 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 Dan Graham, President & CEO at Flora Bank & Trust, a community bank based in Flora, IL that serves a small county in Illinois consisting of blue-collar working families, professionals, small business, and agricultural needs. I appreciate the opportunity to comment on the Board's proposal to establish a special-purpose payment account.

SIMPLY PUT THE SAFETY OF THE FINANCIAL SYSTEM MUST BE PROTECTED FIRST! 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 safety of our entire financial system is at risk. It could also divert deposits and payment activity away from the community banks like mine that support local economic development.

Our community depends on us to provide a safe payment system, investment capital for homes, cars, small businesses, and agricultural operations. Additionally, we support the financial needs of our local school system and health care. Let’s not put community bank’s ability to provide the fundamental needs of the communities they serve at risk.

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.

Thank you for considering my views.

Respectfully,

FLORA BANK & TRUST

Dan D. Graham
President & CEO

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