AMERICAN FINTECH COUNCIL, IAN MOLONEY

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

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Submitter Information

Organization Name: American Fintech Council

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See attached file

July 27, 2026

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

Re: Response to Notice and Request for Comment Regarding Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests

Dear Secretary McDonough,

On behalf of the American Fintech Council (AFC),[1] I am pleased to submit this comment letter in response to the Board of Governors of the Federal Reserve System's (the "Federal Reserve" or "FRB") proposed revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests concerning the establishment of Payment Accounts (Proposed Rulemaking).[2] AFC appreciates the Fed's thoughtful consideration of how Federal Reserve account access policies can evolve alongside continued innovation in the payments ecosystem while preserving the safety, integrity, and resilience of the United States financial system.

AFC is a standards-based organization and the largest and most diverse trade association representing financial technology companies and innovative banks. On behalf of more than 150 member companies and partners, AFC promotes a transparent, inclusive, and customer centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition across payments, lending, banking, and emerging financial technologies while expanding consumer access to safe, efficient, and affordable financial services.

AFC's membership, which includes both innovative banks and financial technology companies, possesses extensive experience across the payments ecosystem and the regulatory frameworks that govern it. This broad perspective uniquely positions AFC to evaluate how changes to Federal Reserve payment infrastructure can promote responsible innovation while preserving safety and soundness throughout the financial system. The recommendations offered in this letter

[1] American Fintech Council's (AFC) membership spans banks, non-bank lenders, payments providers, EWA providers, loan servicers, credit bureaus, and personal financial management companies.
2 Board of Governors of the Federal Reserve System, "Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests," Federal Register 91, no. 100 (May 26, 2026): 30627–30653, https://www.federalregister.gov/documents/2026/05/26/2026-10375/proposed-revisions-to-the-federal-reserve-policy-on-payment-system-risk-and-the-guidelines-for.

reflect AFC's commitment to advancing a regulatory framework that expands competition, promotes regulatory clarity, and fosters continued innovation across the payments ecosystem.

The Fed's Payment Account framework represents an important step toward modernizing access to Federal Reserve payment infrastructure in recognition of the continued evolution of the payments ecosystem. By creating a specialized pathway through which eligible institutions may access core payment services subject to defined operational limitations, the proposed framework has the potential to encourage greater competition, improve payment system efficiency, and reduce unnecessary reliance on intermediaries while preserving the Federal Reserve's longstanding safety and soundness objectives. AFC therefore supports the Fed's effort to develop a specialized account structure that expands responsible access to payment infrastructure through transparent supervisory standards and well-defined operational safeguards.

Building upon this foundation, AFC believes the proposed framework can be further strengthened through several targeted refinements. Specifically, AFC recommends that the Fed continue developing the Payment Account framework by establishing objective eligibility standards, promoting regulatory consistency across federal agencies, encouraging competition through responsible access to payment infrastructure, and maintaining sufficient flexibility to accommodate future developments in payment technologies and financial markets.

I. AFC Supports a Risk Based Payment Account Framework that Expands Responsible Access to Federal Reserve Payment Infrastructure While Preserving Safety and Soundness

Advances in payment technologies, changing consumer expectations, and increasingly sophisticated methods of transferring value continue to reshape the payments ecosystem. Regulatory frameworks governing access to core payment infrastructure should likewise evolve to accommodate these developments while preserving the safety, resilience, and integrity of the United States financial system. The Fed's proposed Payment Account framework represents an important opportunity to advance both objectives by creating a tailored pathway through which eligible institutions may access critical payment services subject to appropriate operational limitations and supervisory safeguards. AFC supports this balanced approach because it can encourage greater competition, reduce unnecessary operational complexity, and improve payment system efficiency while preserving the safety and soundness principles that underpin the Federal Reserve System.

The discussion below explains why such an approach would advance these important policy objectives. A) discusses the importance of objective eligibility standards that would effectively promote regulatory certainty and consistent supervisory outcomes and B) explains why clearly defined operational safeguards are essential to preserving the specialized nature of the Payment Account while ensuring that participating institutions can effectively utilize Federal Reserve payment infrastructure. Together, these principles provide the foundation for a framework that would support responsible innovation while maintaining the integrity and resilience of the Federal Reserve System.

A. AFC Supports Objective Eligibility Standards that Promote Regulatory Certainty and Consistent Supervisory Outcomes

Transparent eligibility standards are fundamental to ensuring that institutions seeking access to Federal Reserve payment infrastructure understand the supervisory expectations applicable to their activities. Consistent with the principles reflected in the Fed's existing Account Access Guidelines, those standards should clearly articulate how supervisory considerations such as governance, risk management, operational resilience, legal authority, financial condition, and compliance capabilities will be evaluated so that applicants are assessed against known expectations rather than uncertain or evolving standards. Predictable regulatory requirements are well positioned to improve market confidence, facilitate long term investment, reduce regulatory uncertainty, and help ensure that similarly situated applicants receive consistent supervisory treatment.

Providing greater transparency regarding the evaluation process does not require the Fed to relinquish supervisory discretion or diminish its ability to conduct institution specific reviews. Rather, it can promote confidence that supervisory judgments are exercised within a clearly understood framework grounded in identifiable risk factors and consistently applied standards. Such an approach would benefit both applicants and the Federal Reserve Banks by establishing common expectations before the application process begins, thereby improving application quality, facilitating more efficient supervisory review, and reducing unnecessary delays associated with incomplete or evolving submissions.

Accordingly, AFC supports the Fed's continued emphasis on a risk-based review framework that evaluates applicants according to the risks presented by their activities and operational controls. Institutions performing substantially similar payment functions under comparable supervisory frameworks should receive consistent treatment regardless of the technologies they employ or the business models through which those services are delivered. A technology neutral approach would encourage responsible innovation while preserving the flexibility necessary for payment technologies to continue evolving without requiring continual regulatory revision.

Objective supervisory standards also yield significant potential to strengthen the effectiveness of the application process itself. Clearly articulated expectations enable applicants to develop governance structures, compliance programs, operational controls, and risk management frameworks that satisfy supervisory requirements before submitting an application. Continued transparency regarding evaluation criteria, application expectations, and review timelines would therefore enhance regulatory efficiency, improve confidence in the overall framework, and encourage broader participation by responsible institutions that are capable of satisfying the Fed's supervisory expectations.

B. AFC Supports Clearly Defined Operational Safeguards that Preserve the Specialized Nature of the Payment Account While Promoting Responsible Innovation

The expansion of access to Federal Reserve payment infrastructure does not require uniform account functionality across all eligible institutions. Rather, appropriately tailored operational requirements would allow the Fed to calibrate access according to the intended purpose and risk profile of a particular account structure. This approach would encourage responsible

participation in the payments ecosystem while preserving longstanding safety and soundness principles and recognizing that different forms of access should be accompanied by supervisory expectations that are commensurate with the functions performed and the risks presented.

Operational requirements should therefore be designed to support the limited purpose of the Payment Account while remaining proportionate to the risks associated with that purpose. Clearly defined operational expectations would also help preserve the specialized nature of the account by establishing transparent parameters governing its permissible use and functionality. In turn, greater regulatory certainty would improve application quality, facilitate more efficient supervisory review, and promote consistent supervisory outcomes by ensuring that participating institutions understand the applicable requirements before entering the application process.

Importantly, those safeguards should avoid imposing unnecessary constraints that restrict responsible participation in the payments ecosystem without producing a meaningful supervisory benefit. A framework that appropriately aligns operational requirements with the account's intended functionality would preserve the distinction between specialized payment access and broader Reserve Bank account access while encouraging responsible innovation within well-defined supervisory parameters. Such an approach would promote competition and payment system efficiency without compromising the integrity or resilience of the Federal Reserve System.

The Fed should also periodically evaluate whether the operational framework continues to reflect developments in payment technologies, market practices, and supervisory capabilities. Advances in automated risk controls, payment processing technologies, compliance infrastructure, and supervisory tools may create opportunities over time to refine certain operational requirements without compromising safety and soundness. Maintaining sufficient flexibility to thoughtfully reassess these requirements as the payments ecosystem evolves would also help ensure that the Payment Account framework remains effective, appropriately risk based, and capable of supporting continued innovation over the long term.

Although the proposed rulemaking establishes an appropriate foundation for expanded access to Federal Reserve payment infrastructure, its long-term effectiveness will ultimately depend upon implementation that remains transparent, proportionate, and sufficiently adaptable to future developments in the payments ecosystem.

II. AFC Supports a Principles Based Implementation Framework that Promotes Regulatory Consistency and Long-Term Innovation

The long-term success of the Payment Account framework will depend not only upon the scope of access it provides, but also upon the manner in which it is implemented. As the Fed moves from policy development to implementation, the framework should provide participating institutions with sufficient regulatory certainty while preserving the flexibility necessary to accommodate future developments in payment technologies and evolving market practices. A principles-based implementation framework that emphasizes consistent supervisory expectations, interagency coordination, and proportionate oversight would better position the Payment Account framework to achieve these objectives going forward.

Implementation of the Payment Account framework should complement, rather than duplicate, existing prudential, operational, and financial crime compliance obligations applicable to participating institutions. Many institutions that may seek a Payment Account already operate under comprehensive regulatory regimes that require robust governance frameworks, enterprise risk management programs, Bank Secrecy Act and Anti-Money Laundering compliance systems, sanctions controls, cybersecurity programs, and ongoing examination by federal or state financial regulators. To the extent these existing programs appropriately address risks relevant to the Payment Account framework, the Fed should leverage those supervisory structures to the greatest extent practicable rather than imposing duplicative compliance expectations or requiring institutions to develop parallel governance and control frameworks. Doing so would reduce unnecessary regulatory burden, promote more efficient supervision, and allow both regulators and supervised institutions to devote resources toward identifying and mitigating material risks rather than replicating oversight that is already being performed elsewhere.

The Fed should also continue coordinating implementation with other federal financial regulators to promote consistent supervisory expectations across the financial services industry. Institutions should not be required to reconcile conflicting or overlapping regulatory requirements simply because they participate in multiple supervisory frameworks. Continued coordination among the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Financial Crimes Enforcement Network, and other relevant agencies can promote greater consistency regarding governance expectations, operational resilience, risk management, and financial crime compliance. Such coordination would reduce regulatory fragmentation, improve regulatory certainty, and provide institutions with a more coherent supervisory framework through which to participate in Federal Reserve payment infrastructure.

Finally, AFC encourages the Fed to administer the Payment Account framework through a principles-based approach that provides participating institutions with clear and consistent supervisory expectations while preserving appropriate regulatory discretion. Such an approach would enable the Fed to address institution-specific circumstances without requiring overly prescriptive requirements or creating unnecessary uncertainty for participating institutions.

III. AFC Supports a Payment Account Framework that Can Responsibly Evolve Alongside the Payments Ecosystem

The Payment Account framework should not be viewed as a static supervisory construct, but rather as a framework capable of evolving alongside supervisory experience, technological advancements, and changes in the broader payments ecosystem. Although the proposed rulemaking establishes an appropriate foundation for expanding access to Federal Reserve payment infrastructure, its long-term effectiveness will ultimately depend upon the Fed's willingness to periodically evaluate whether the framework continues to achieve its intended objectives while preserving safety and soundness. Establishing a structured process for ongoing assessment and measured refinement will help ensure that the framework remains effective, operationally resilient, and responsive to future developments without sacrificing regulatory consistency or predictability.

Accordingly, AFC encourages the Fed to periodically evaluate the Payment Account framework to determine whether its operational requirements, supervisory expectations, and available functionalities continue to appropriately reflect developments in the payments ecosystem. Such reviews should consider supervisory experience, technological advancements, and evolving market practices to ensure that the framework continues to promote responsible innovation while preserving safety and soundness. Periodic evaluation would also enable the Fed to identify opportunities to refine the framework where experience demonstrates that existing operational safeguards may be enhanced, simplified, or otherwise updated without compromising the integrity of the Federal Reserve System.

Periodic engagement with industry participants should remain an important component of the framework's continued development. Institutions operating within the payments ecosystem are often among the first to identify emerging operational risks, evolving customer expectations, and technological advancements that may warrant supervisory consideration. Continued dialogue, together with periodic solicitation of stakeholder feedback following implementation, would help ensure that supervisory experience and operational insight inform future refinements while preserving the transparency, consistency, and predictability of the framework.

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The Payment Account framework presents a meaningful opportunity to expand responsible access to Federal Reserve payment infrastructure while preserving the safety, resilience, and integrity of the United States financial system. As discussed throughout this letter, AFC believes this objective is best achieved through a regulatory approach grounded in transparency, proportionate supervision, regulatory consistency, and long-term adaptability.

By implementing the framework in a manner that leverages existing supervisory structures, promotes interagency coordination, and remains sufficiently flexible to evolve alongside the payments ecosystem, the Fed can encourage continued innovation while preserving the integrity, resilience, and stability of the nation's payment system. AFC believes these principles will support a durable framework that benefits regulated institutions, consumers, and the broader financial system alike.

AFC welcomes continued engagement with the Fed throughout the development and implementation of the Payment Account framework and stands ready to serve as a resource as the agency considers these recommendations.

Sincerely,



Ian P. Moloney
Chief Policy Officer
American Fintech Council