PORT RICHMOND SAVINGS, SIDNEY SMITH

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-C62

Subject

Docket No. OP-[1878]

Submitter Information

Organization Name: Port Richmond Savings

Organization Type: Company

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Submitted Date: 07/27/2026

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 writing on behalf of Port Richmond Savings, a community bank serving customers and businesses in Philadelphia, to express my concerns regarding the Federal Reserve's proposal to establish a new "payment account" framework that would permit certain nonbank entities to access Federal Reserve payment services without obtaining a traditional master account.

Community banks strongly support innovation, competition, and improvements to the nation's payments infrastructure. However, direct access to core Federal Reserve payment services such as Fedwire and FedNow has historically been reserved for institutions that are subject to comprehensive federal supervision, prudential regulation, capital requirements, and, in most cases, federal deposit insurance. The proposed framework would extend many of the benefits of direct access to entities that do not operate under the same regulatory standards and oversight.

This creates two significant concerns.

First, the proposal could increase operational, compliance, and systemic risks within the payments system. Institutions that are not federally insured and are not subject to consolidated federal supervision may present unique risks related to financial condition, governance, cybersecurity, anti-money laundering compliance, and operational resilience. Direct access to critical payment infrastructure should be coupled with a level of supervision and accountability that appropriately protects the integrity and stability of the financial system.

Second, the proposal would create an uneven competitive environment. Community banks invest substantial resources to comply with regulatory requirements, maintain capital, support safety and soundness standards, undergo regular examinations, and contribute to the deposit insurance system. Allowing nonbank firms to access Federal Reserve payment services without bearing comparable regulatory obligations would effectively provide many of the benefits of bank status without the corresponding responsibilities. This could disadvantage community banks that remain committed to serving local consumers, small businesses, farms, and communities. It could also divert deposits and payment activity away from the community banks like mine that support local inner city economic development.

Community banks play a vital role in local economic development and financial inclusion. Any expansion of direct access to Federal Reserve payment services should ensure that all participants are subject to comparable standards of supervision, risk management, consumer protection, and accountability. The Federal Reserve should carefully evaluate whether the proposed framework adequately addresses these considerations before moving forward.

Thank you for the opportunity to comment on this important proposal. I respectfully urge the Federal Reserve to reconsider the creation of payment accounts for nonbank entities or, at a minimum, require regulatory and supervisory standards comparable to those applied to insured depository institutions before granting access to Federal Reserve payment services.

Sincerely,

Sidney O. Smith, President

Port Richmond Savings

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