ANB BANK, TODD CROWLEY

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-C76

Submitter Information

Organization Name: ANB Bank

Organization Type: State

Name: Todd Crowley

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Good morning,

I have uploaded ANB Bank's comment letter on the Proposed Revisions to the Federal Reserve Policy on Payment System Risk and the Guidelines for Account and Services Requests; Regulation A: Extensions of Credit by Federal Reserve Banks; and, Regulation D: Reserve Requirements of Depository Institutions (Docket Nos.: OP-1878; R-1892; R-1893).

Pleaset let feel to reach out with any additional questions.

Thank you,

Matthew Propst - ANB Bank
matthew.propst@anbbank.com

ANB Bank®

July 23, 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; Regulation A; and Regulation D (Docket Nos. OP-1878, R-1892, and R-1893)

Dear Mr. McDonough:

OVERVIEW AND RECOMMENDATION

On behalf of ANB Bank, thank you for the opportunity to comment on the Board of Governors of the Federal Reserve System's proposal to establish a new, limited-purpose Federal Reserve Payment Account. ANB is an approximately $3 billion community bank headquartered in Denver, Colorado, serving customers and communities across Colorado and Wyoming.

ANB supports responsible payment innovation. We also support the narrow framework proposed by the Board because it would permit legally eligible institutions to clear and settle specified payment activity while retaining meaningful protections for the Federal Reserve Banks and the broader payment system. Our support, however, depends on the Payment Account remaining limited in purpose, limited in services, and subject to strong, enforceable oversight.

Our position is straightforward:

- Finalize the Payment Account only with the proposal's core guardrails fully intact and strengthened where necessary.
- Require supervision, controls, financial capacity, and operational resilience commensurate with direct access to Federal Reserve payment services.
- Prevent Payment Accounts from becoming indirect master accounts, deposit substitutes, or conduits for downstream fintech, digital-asset, or other third-party activity.
- Do not expand legal eligibility or payment-service access beyond the present proposal without express congressional authorization and a separate public rulemaking.

The proposal can foster innovation without weakening the banking and payments framework that supports it. Broader access of the type contemplated in Executive Order 14405 would be a materially different policy choice. ANB opposes such an expansion unless Congress first establishes clear eligibility, supervision, consumer-protection, financial-responsibility, and resolution standards.

WHY THIS MATTERS TO ANB AND THE COMMUNITIES WE SERVE

The payment system is not an abstract utility to our customers. It is how small businesses make payroll, agricultural producers pay suppliers, municipalities manage public funds, nonprofits support their missions, and households conduct day-to-day commerce. In rural and geographically dispersed markets, a delayed payment, fraud event, operational failure, or loss of confidence can have consequences well beyond inconvenience.

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EQUAL HOUSING LENDER

Community banks are also often the first call when a customer experiences an unauthorized transaction, payment dispute, returned item, or suspected fraud. If a lightly supervised Payment Account holder fails to control illicit finance, cybersecurity, third-party, or operational risk, the resulting burden will not remain with that institution. It will move through the payment system to receiving banks, customers, and communities that had no role in creating the risk.

For that reason, direct access to Federal Reserve payment services should carry bank-grade responsibilities. Innovation should improve the payment system—not create a separate lane in which bank-like activity is conducted without comparable accountability.

THE BOARD SHOULD RETAIN AND STRENGTHEN THE PROPOSED GUARDRAILS

1. Preserve the limited-purpose design

ANB strongly supports the proposal's central limitations. A Payment Account holder should be permitted to use the account only to clear and settle its own eligible payment activity. The final framework should retain:

- No interest on balances.
- No discount-window access, intraday credit, or daylight overdrafts.
- Conservative balance limits and automated controls that prevent overdrafts.
- No FedACH access.
- No correspondent, respondent, pass-through, or nested access for third parties.
- No automatic pathway from a Payment Account to a traditional master account.

These are not incidental conditions. They are the reason a streamlined account can be considered at all. Weakening them would change the nature of the proposal and require a new evaluation of its competitive, operational, liquidity, and financial-stability effects.

2. Require direct and enforceable oversight

Legal eligibility should be the beginning of the analysis, not the end. Before granting access, a Reserve Bank should determine that the applicant is subject to direct, enforceable oversight that is commensurate with its activities and risks. At a minimum, the applicant should demonstrate effective governance, independent risk management, BSA/AML/CFT and sanctions compliance, cybersecurity, fraud prevention, operational resilience, third-party risk management, liquidity management, and recovery and resolution capabilities.

Where an applicant is not subject to consolidated prudential supervision by a federal banking agency, the Board should require a functionally equivalent and legally enforceable supervisory framework. Business-model representations, charter status, or contractual commitments alone are not adequate substitutes for examination, information access, corrective authority, and ongoing accountability.

The final policy should also identify minimum standards that cannot be waived by an individual Reserve Bank and should provide for coordinated oversight across Reserve Banks. Comparable applicants should face comparable requirements regardless of geography.

3. Keep FedACH outside the Payment Account

ANB supports the proposed exclusion of FedACH. ACH presents risks that differ from fully prefunded, real-time payment activity, including return windows, unauthorized debit exposure, batch-processing risk, and significant consumer and business use. These features require mature compliance, monitoring, dispute-management, and fraud-control capabilities.

Expanding FedACH access would materially broaden the Payment Account and increase the likelihood that risk is transferred to receiving institutions and their customers. If the Board later considers ACH access, it should do so through a separate proposal supported by a specific analysis of returns, unauthorized transactions, consumer protection, loss allocation, liquidity, and supervisory responsibility.

4. Prohibit nesting and indirect access

The final framework should clearly prohibit a Payment Account holder from using its account to provide indirect Federal Reserve access to another institution, fintech, digital-asset firm, payment provider, affiliate, or customer that itself offers financial services. The restriction should be based on the function performed, not the label assigned to the relationship.

A Payment Account holder should process only its own payment activity. It should not aggregate, sponsor, settle, or route activity for downstream parties in a manner that obscures the true originator, beneficiary, or risk owner. The Board should require complete transaction traceability and should treat circumvention of this limitation as grounds for immediate restriction, suspension, or termination.

5. Limit access to services necessary for the stated purpose

The Board should align service access with the narrow purpose of the account. ANB questions whether access to the National Settlement Service or the Fedwire Securities Service for free-of-payment transfers is necessary for institutions whose stated need is payment clearing and settlement. The Board should authorize a service only after determining that it is essential to an approved use case and that the associated credit, liquidity, custody, fraud, legal, and operational risks are fully controlled.

At a minimum, these services should not be available by default. Access should be separately approved, specifically conditioned, and subject to prompt withdrawal if the institution's activity expands or its risk profile changes.

6. Use conservative, activity-based balance limits

Payment Account balances should be tied to demonstrated payment needs, not projected growth, reserve-management objectives, or investment activity. Initial limits should be conservative and should be recalibrated only after the Reserve Bank has observed actual transaction volume, liquidity practices, and operational performance.

The final framework should also prevent the economic equivalent of interest through affiliates, rebates, pass-through yield, excess-balance arrangements, or other structures. A Payment Account should not become a store of value, an investment vehicle, or a substitute for deposits held at insured depository institutions.

7. Make approval conditional, transparent, and revocable

The Board should publish clear, consistent, and public-facing minimum standards for Payment Account applicants. Those standards should address the applicant's business model, ownership and governance, supervision, compliance capabilities, cybersecurity, transaction volumes, third-party dependencies, financial assurances, recovery planning, and proposed payment rails.

The Board should disclose approvals and the services authorized for each holder, while protecting confidential supervisory information. It should also publish aggregate information about applications, approvals, denials, suspensions, and terminations so that the public can evaluate whether the framework is being applied consistently.

A target review period should not become a de facto approval standard. The 90-day expectation should begin only after an application is complete to the satisfaction of the reviewing Reserve Bank, and the Board should make clear that additional time is appropriate where an applicant presents novel activities, digital-asset exposure, high transaction volumes, complex affiliates, or material third-party dependencies.

8. Require financial assurance, recovery, and orderly exit

Payment Account access should be expressly conditional and revocable. Holders should maintain financial resources appropriate to their payment activity and credible plans to manage operational failure, cyber events, fraud losses, liquidity stress, suspension, or termination. The Reserve Bank should have clear authority to impose additional conditions, reduce limits, restrict services, suspend activity, and terminate the account.

The final framework should also require advance planning for customer and counterparty communications, in-flight transactions, data retention, dispute handling, and orderly migration to another provider. The objective should be simple: a Payment Account holder must be able to fail without shifting avoidable loss or disruption to the Federal Reserve, insured depository institutions, or the public.

THE BOARD SHOULD NOT USE THIS PROPOSAL TO EXPAND ACCESS BEYOND CURRENT LEGAL ELIGIBILITY

The present proposal is appropriately bounded because it does not change which institutions are legally eligible for a Federal Reserve account. Executive Order 14405, by contrast, asks the Board to evaluate options for extending direct access to uninsured depository institutions and non-bank financial companies, including firms engaged in digital assets and other novel activities.

ANB opposes using this rulemaking—or future policy guidance—to extend eligibility beyond the limits established by Congress. Direct access to central-bank payment infrastructure is a significant public privilege. It should not be conferred on an expanding class of non-banks through interpretation, charter arbitrage, or case-by-case decisions by individual Reserve Banks.

If broader access is to be considered, Congress should first establish a clear statutory framework that addresses, at a minimum:

- Which entities are eligible and which activities are permissible.
- Which federal agency is responsible for consolidated supervision and examination.
- Capital, liquidity, financial-resource, and loss-absorption requirements.
- BSA/AML/CFT, sanctions, cybersecurity, privacy, and consumer-protection obligations.
- Customer-fund treatment, disclosures, error resolution, and resolution authority.
- Uniform standards across all twelve Reserve Banks and meaningful public accountability.

Supporting innovation does not require eliminating the distinctions between regulated banks and non-banks. Those distinctions reflect differences in supervision, public obligations, financial resilience, and customer protection. Competition is strongest—and innovation is most durable—when firms performing similar functions are subject to comparable rules and accountability.

CONCLUSION

ANB Bank supports the Board's measured Payment Account proposal because it offers a limited path for payment innovation while preserving important safeguards. The final framework should retain the prohibitions on interest, Federal Reserve credit, overdrafts, FedACH access, correspondent activity, and indirect access. It should also require enforceable oversight,

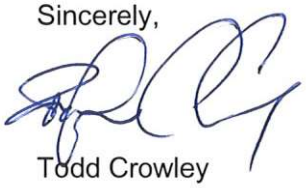
conservative activity-based limits, transparent standards, service-by-service approval, financial assurance, and credible recovery and exit planning.

Just as importantly, the Board should keep this proposal within its stated boundary. It should not expand legal eligibility or transform a limited Payment Account into a broader alternative to a master account. Any such expansion—particularly the broader non-bank access contemplated by Executive Order 14405—should require express congressional authorization, a clearly accountable federal supervisor, and a separate public rulemaking.

With those protections, the Board can support responsible payment innovation without weakening the safety, soundness, and public confidence on which innovation ultimately depends.

Thank you for considering our comments. We would welcome the opportunity to discuss these recommendations further.

Sincerely,



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