ELECTRONIC TRANSACTIONS ASSOCIATION, PATRICK RUSSELL

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-C88

Submitter Information

Organization Name: Electronic Transactions Association

Organization Type: Organization

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ETA comments attached.

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JULY 27, 2026

ANN E. MISBACK
SECRETARY
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
20TH STREET AND CONSTITUTION AVENUE, N.W.
WASHINGTON, D.C. 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, 91 FR 30627 (MAY 26, 2026)

DEAR SECRETARY MISBACK:

The Electronic Transactions Association[1] (ETA) respectfully submits these comments in response to the Board of Governors of the Federal Reserve System's (the "Board") notice and request for comment on proposed revisions to the Federal Reserve Policy on Payment System Risk (the "PSR Policy") and the Guidelines for Evaluating Account and Services Requests (the "Guidelines"), Docket No. OP-1878, published in the Federal Register on May 26, 2026.

ETA is the leading trade association for the payments technology industry, representing banks, fintech companies, payment processors, card networks, and infrastructure providers that collectively process trillions of dollars in transactions annually. This breadth of membership positions ETA to offer perspectives that reflect the full scope of the modern payments ecosystem.

ETA supports the Board's proposed revisions. The proposal reflects a thoughtful and measured effort to modernize the Federal Reserve's approach to payment account access in a manner that appropriately recognizes that risk varies depending on the nature of permitted activities and the limitations placed on those activities. ETA believes the proposal strikes an appropriate balance among three important objectives:

[1] The Electronic Transactions Association (ETA) is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies in the U.S. and around the world. ETA members make commerce possible by processing approximately $56.75 trillion annually in purchases and P2P payments worldwide and deploying payments innovation to merchants and consumers. ETAs membership spans the breadth of the payments industry to include independent sales organizations (ISOs), payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, and software providers (ISV) and hardware suppliers. For more information, visit electran.org.

encouraging innovation, enhancing transparency, and preserving the safety and soundness of the payment system.

ETA's principal views are as follows:

- **Tailored, risk-based framework**. ETA supports the Board's proposal to offer a Payment Account with conditions calibrated to the risks presented by the permitted activities. This approach reflects sound regulatory design and is consistent with ETA's longstanding advocacy for frameworks that align oversight with risk profiles.

- **Transparency and predictability**. ETA supports the Board's effort to create a timely and predictable review process for Payment Account requests and encourages the Board to ensure that applicants receive clear, ongoing communication regarding the status of their requests, particularly where the applicant is a new entrant without prior supervisory experience.

- **Consistency across the Federal Reserve System**. ETA supports the Board's efforts to establish a standardized framework governing Payment Account requests that promotes uniformity and fairness in the evaluation of requests across Reserve Banks.

The proposal demonstrates that innovation and prudent risk management are complementary, not competing, objectives. By establishing clearer expectations while maintaining appropriate safeguards, the Board has developed a constructive and workable framework for eligible institutions seeking access to Federal Reserve payment services. ETA supports adoption of the proposal.

1. Background and Market Context

A. Evolution of the Payments Ecosystem

The payments ecosystem has evolved significantly since the Board issued the Account Access Guidelines in 2022. The emergence of new institutional forms—including special purpose depository institutions, payments-focused chartered entities, and novel fintech structures—reflects the ongoing diversification of the marketplace. Specialized institutions increasingly focus on payments-related activities without engaging in the full range of traditional banking functions. While many of these institutions continue to access Federal Reserve payment services through established banking relationships, the Board's proposal recognizes that a tailored account structure may also be appropriate for certain legally eligible institutions with limited, payments-focused activities.

The payments industry continues to innovate across a range of dimensions—including real-time payment infrastructure, digital asset integration, open banking frameworks, and agentic commerce—that have introduced new transaction patterns and new categories of institutions seeking account access. These developments underscore the importance of an access framework that can adapt to a dynamic marketplace.

The Board's proposal responds to these developments by establishing a structured pathway for certain legally eligible institutions with payments-focused activities to access Federal Reserve payment services under regulations calibrated to the risks associated with those activities.

B. Existing Legal Framework

ETA notes that the proposal does not alter the statutory standards governing legal eligibility for Federal Reserve accounts and services. Institutions that are legally eligible to request a Master Account would continue to have that option under existing standards. The proposed Payment Account is an additional option, not a substitute, and is designed to accommodate institutions whose activities and risk profiles may be well-suited to a more limited account structure.

This approach reflects appropriate regulatory restraint. By working within the existing statutory framework while creating structured flexibility, the Board preserves institutional choice while also providing regulatory clarity about the conditions applicable to different account types.

2. Support for the Proposed Payment Account Framework

A. A Tailored, Risk-Based Approach

ETA has consistently advocated for regulatory frameworks that calibrate oversight to the actual risks presented by the activities being conducted and the limitations placed on those activities. The proposed Payment Account reflects this principle by pairing direct account access with a defined set of risk-mitigating features. ETA supports this design approach.

The payments industry benefits when regulatory frameworks create pathways for responsible innovation rather than imposing one-size-fits-all structures that may be poorly matched to the risk profiles of non-traditional institutions. The Board’s proposal creates a mechanism by which institutions with narrowly scoped, payments-focused activities can access Federal Reserve services under conditions that reflect the nature of those activities. This is sound regulatory design.

ETA also appreciates that the Board's approach recognizes that different account structures may warrant different conditions. The proposal does not displace existing frameworks; it adds a complementary option suited to a different institutional profile. This preserves the flexibility necessary to accommodate diverse participants in the payments ecosystem.

B. The Proposal's Risk-Mitigating Design

ETA appreciates the Board's deliberate effort to design the Payment Account with features intended to mitigate specific categories of risk. The proposal addresses risks to Reserve Banks, to the broader payment system, to illicit finance safeguards, and to financial stability and monetary policy implementation. The layered risk-mitigation structure reflects a thoughtful assessment of the potential concerns that could arise from extending direct account access to a broader range of institutions.

ETA particularly notes that the proposal's restrictions on available services and limitations on account balances are designed to minimize the financial and operational exposure of the Reserve Banks while still enabling eligible institutions to participate meaningfully in the Federal Reserve's payment infrastructure. This reflects a measured and proportionate approach to expanding access.

ETA also acknowledges the Board's attention to illicit finance risk. Anti-money laundering and Bank Secrecy Act compliance requirements are foundational expectations across ETA's membership, and ETA supports the Board's emphasis on these standards as a condition of Payment Account access. Maintaining the integrity of the payment system requires that all participants in the Federal Reserve's infrastructure meet robust compliance expectations.

3. Transparency and Predictability

A. Timely & Predictable Review of Payment Account Requests

ETA supports the Board's effort to establish a more transparent and predictable review process for Payment Account requests. While ETA appreciates the value of a defined timeline, it also recognizes that a rigid 90-day expectation may not provide sufficient time for meaningful review in all cases, particularly for new entrants without an established supervisory record. The Board should instead ensure that reviews are conducted timely and consistently, with clear communication to each applicant throughout the process.

Uncertainty about review timelines has historically been a significant concern for institutions considering account access requests. Without clear expectations, institutions face difficulty assessing the realistic path and timeframe for obtaining access, which can discourage investment in innovation and participation in the Federal Reserve's payment services. ETA encourages the Board to adopt a review process that is timely, predictable, and clearly communicated to applicants, including regular status updates and notice of any additional information needed to complete the review. For applicants with limited or no supervisory history, ETA believes the Board should allow sufficient time to complete a careful safety-and-soundness review, with the expectation that such review should generally be completed within one year.

ETA encourages the Board to consider mechanisms for communicating proactively with applicants throughout the review process, including periodic status updates, designated points of contact, and timely notice of any additional information needed to complete an application. The Board should also consider publishing standardized application materials and additional guidance describing the information and documentation expected from applicants. Greater transparency regarding procedural expectations will improve application quality, reduce unnecessary delays, and promote more consistent administration of the framework across Reserve Banks.

B. Benefits of Procedural Clarity

Transparent processes benefit both applicants and supervisors. Applicants gain the certainty they need to make responsible investment decisions. Supervisors benefit from more structured interactions with applicants and a clearer record of the review process. Greater procedural clarity also promotes public confidence that the account access framework operates consistently and fairly.

ETA believes the proposed revisions represent meaningful progress toward a clearer, more predictable review process. The combination of a defined account structure, articulated risk-mitigating features, and a stated review timeline creates a framework that eligible institutions can navigate with reasonable clarity. ETA encourages the Board to continue refining the procedural elements of the framework as it gains experience with Payment Account applications.

4. Consistency Across the Federal Reserve System

A. Uniform Application of Standards

ETA supports the Board's efforts to establish a standardized framework governing the evaluation of Payment Account requests across Reserve Banks. Consistent application of standards promotes fairness, transparency, and predictability for all potential applicants, regardless of which Reserve Bank has jurisdiction over their request. It also supports the integrity of the review process by reducing the risk that similarly situated institutions receive materially different treatment based on the Reserve Bank to which their request is directed.

ETA notes that concerns about inconsistent application across Reserve Banks have been raised by stakeholders in prior comment processes, including comments submitted in connection with the 2022 Account Access Guidelines. The Board's proposal to establish a common framework for Payment Accounts is a responsive and constructive step toward addressing those concerns.

B. Supporting Continued Innovation

A predictable, consistent account access framework supports responsible investment in payments innovation. Institutions seeking direct access to Federal Reserve payment services benefit from a clear understanding of how requests will be evaluated, what conditions apply to Payment Accounts, and how the review process will proceed. This clarity enables institutions to make informed decisions about whether and when to pursue account access, and to invest with confidence in the infrastructure and compliance capabilities needed to support that access.

ETA believes the proposed framework provides an appropriate foundation for accommodating the continued evolution of the payments ecosystem. As new institutional forms and business models emerge, a flexible yet principled framework—one grounded in risk-based calibration, procedural transparency, and consistent application—will be well-positioned to adapt. ETA looks forward to continuing to engage with the Board as implementation proceeds.

5. Conclusion

ETA appreciates the Board's thoughtful and deliberate effort to modernize its approach to payment account access. The proposed revisions to the PSR Policy and the Guidelines reflect a careful and well-grounded response to the continued evolution of the payments ecosystem. By creating a tailored Payment Account structure aligned with the risk profiles of payments-focused institutions, establishing a predictable review timeline, and promoting consistency in the application of standards across Reserve Banks, the Board has advanced a balanced framework that supports innovation while preserving the safety and efficiency of the payment system.

ETA supports adoption of the proposal and looks forward to continuing to engage with the Board as implementation proceeds and as the payments ecosystem continues to evolve. If the Board or its staff have questions regarding these comments, please do not hesitate to contact me, or ETA's EVP, Scott Talbott, at stalbott@electran.org.

Respectfully submitted,