BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

CHRISTOPHER J. WALLER
MEMBER OF THE BOARD

August 31, 2026

The Honorable Kevin Hassett
Assistant to the President for Economic Policy
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. Hassett:

The Federal Reserve is committed to fostering financial innovation while maintaining the safety, soundness, and integrity of the U.S. payment system and the U.S. financial system. A transparent, consistent, and risk-based approach to access to Reserve Bank accounts (accounts) and financial services helps support responsible innovation. We appreciate the opportunity to provide information on the legal, regulatory, and policy framework governing this access.[1]

1. Background on Reserve Bank Accounts and Services

The Federal Reserve works to promote the safety and efficiency of the U.S. payment system through several key functions, including the provision of Reserve Bank accounts and services to legally eligible financial institutions. An eligible institution is assigned to a Reserve Bank district based on its location and requests access from its assigned Reserve Bank.

In addition to providing accounts, Reserve Banks may offer a range of financial services to legally eligible financial institutions, including electronic funds transfers, check collection, and currency and coin distribution. An institution can generally settle transactions through its own account or by using another institution's account; institutions without an account can gain access through an authorized third-party intermediary.

2. Statutory Framework for Access to Reserve Bank Accounts and Services

The Reserve Banks generally may provide accounts and services to (i) member banks and depository institutions, pursuant to section 13(1) of the Federal Reserve Act; and (ii) U.S.

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[1] *See*, e.g., Executive Order 14405, "Integrating Financial Technology Innovation into Regulatory Frameworks," May 19, 2026, which discusses innovation and access to accounts and services.

branches and agencies of foreign banks, pursuant to section 13(14) of the Federal Reserve Act.[2] The term "member bank" refers to a national bank, State bank, or trust company that has become a member of the Federal Reserve System by subscribing to and paying for capital stock in the Reserve Bank of its district.[3] The term "depository institution" is defined for purposes of section 13(1) of the Federal Reserve Act to include banks, credit unions, and similar deposit-taking entities that are federally insured or "eligible to make application" to become federally insured.[4] As such, an uninsured depository institution that is "eligible to make application" to become federally insured is legally eligible for Reserve Bank accounts and services. In contrast, nonbank financial companies and nonfinancial companies generally would not be legally eligible for Reserve Bank accounts or services.

Under the Federal Reserve Act, individual Reserve Banks maintain discretion regarding whether to grant or deny an institution's request for a Reserve Bank account and services. Section 13(1) of the Federal Reserve Act provides that, in relevant part, "any Reserve Bank may receive from any of its member banks, or other depository institutions, deposits of current funds in lawful money."[5] Section 13(14) of the Federal Reserve Act likewise provides that the Reserve Banks "may receive deposits […] from any branch or agency of a foreign bank in the same manner and to the same extent that it may exercise such powers with respect to a member bank."[6]

The Federal Reserve does not have the authority to expand legal eligibility for access to accounts and services.

3. Regulatory and Policy Framework for Access to Reserve Bank Accounts and Services

As the payments landscape has evolved rapidly through technological progress, regulatory developments, and other factors driving innovative approaches to banking over the past several years, the Federal Reserve has actively monitored these changes and their implications for payment system safety and efficiency.

On August 15, 2022, following a public comment process, the Board adopted the Guidelines for Evaluating Account and Services Requests (Account Access Guidelines or Guidelines).[7] The Guidelines establish a transparent, risk-based, and consistent framework for Reserve Banks to use in reviewing requests for accounts and services (access requests) from legally eligible institutions.

The Guidelines contain six principles. Under the first principle, an institution must be legally eligible for access to Reserve Bank accounts and services. The remaining five principles

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[2] Federal Reserve Act §§ 13(1) & 13(14), 12 U.S.C. §§ 342 & 347d.
[3] Federal Reserve Act §§ 1(3), 2(1), 9, 12 U.S.C. §§ 221, 222, 321.
[4] Federal Reserve Act § 19(b)(1)(A), 12 U.S.C. 461(b)(1)(A).
[5] Federal Reserve Act § 13(1), 12 U.S.C. § 342.
[6] Federal Reserve Act § 13(14), 12 U.S.C. § 347d.
[7] 87 FR 51099 (Aug. 19, 2022) (as amended by 89 FR 100495 (Dec. 12, 2024)). The Board also has adopted Guidelines for Evaluating Joint Account Requests. *See* 82 FR 41951 (Sep. 5, 2017). The Board issued the Guidelines under its general supervision authority over the operations of the Reserve Banks. Federal Reserve Act § 11(j), 12 U.S.C. § 248(j).

address other risks, ranging from narrow risks (such as risk to an individual Reserve Bank) to broader risks (such as risk to the U.S. financial system and risk to monetary policy implementation). For each of the principles, the Guidelines set forth factors that Reserve Banks should consider when evaluating an institution's access request against the specific risk targeted by the principle. The Guidelines indicate that a Reserve Bank should factor, to the extent possible, the assessments of an institution by the relevant state and federal supervisor into the Reserve Bank's independent analysis of the institution's request.

The Guidelines incorporate a tiering framework, which serves to guide the level of due diligence and scrutiny applied by Reserve Banks to access requests from different types of entities. For example, federally insured institutions are subject to a comprehensive, consistent, and robust set of federal banking regulations. These institutions are therefore generally subject to a less intensive and streamlined review under the Guidelines relative to other institutions. On the other end of the spectrum, non-federally insured institutions that are not subject to prudential supervision by a federal banking agency at the institution or holding company level may be subject to a supervisory or regulatory framework that is substantially different from the supervisory and regulatory framework that applies to federally insured institutions, and their access may pose the highest level of risk. Accordingly, access requests from these institutions receive the strictest level of review under the Guidelines.

If the Reserve Bank decides to grant an access request, it may impose obligations relating to, or conditions or limitations on, the use of the account or services as necessary to limit the risks of providing account access. If the imposed controls are ineffective in mitigating the risks identified, the Reserve Bank may further restrict the institution's use of the account and services, or deny or close the account.

While access decisions are made by Reserve Banks by law, the Board expects a Reserve Bank to consult with it and with the other Reserve Banks to support consistent implementation of the Account Access Guidelines. Further, the Reserve Banks, in consultation with the Board, have developed consistent processes to implement the Account Access Guidelines. The Board's Account Access Guidelines and the related consultation process are designed to promote consistent evaluations of access requests across the twelve Reserve Banks.

4. Recent Proposal to Support Payments Innovation

Since the Board issued the Account Access Guidelines, the types of legally eligible institutions seeking access to accounts and services have continued to evolve.[8] Several institutions focused on payments innovation have expressed an interest in direct access to Reserve Bank accounts and services, as opposed to having to rely on third-party intermediaries, to reduce costs to their customers while increasing payment processing speed. Many of these

[8] Pursuant to section 11C of the Federal Reserve Act, the Board publishes information on its public website on a quarterly basis regarding requests for access to accounts and services. Federal Reserve Act § 11C, 12 U.S.C. § 248c. The Master Account and Services Database provides comprehensive, searchable information on which institutions have access or have requested access to accounts and services, available at https://www.federalreserve.gov/paymentsystems/master-account-and-services-database-about.htm.

institutions do not maintain (or plan to maintain) federal insurance and, therefore, are subject to greater due diligence and scrutiny under the Account Access Guidelines' tiering framework.

On May 20, 2026, following earlier public input, the Board announced that it was requesting comment on a proposal to establish a special-purpose account, which legally eligible institutions could use for the specific purpose of clearing and settling their payments (the Payment Account).[9] The proposed Payment Account would be tailored to support innovation by serving the clearing and settlement needs of certain eligible institutions while also mitigating material risks to the Reserve Banks and the payment system. The proposed Payment Account is substantially similar to the prototype outlined in the Board's request for information issued in December 2025.[10] Payment Account holders would not have access to intraday credit or the discount window, would not earn interest on balances held at a Reserve Bank, and would only have access to services with automated controls to prevent overdrafts. The proposal affirms that Reserve Banks would expect Payment Account holders to mitigate illicit finance risks. The comment period recently closed, and the Board is reviewing the comments received from the public on the proposal.[11]

As noted above, the Federal Reserve does not have the authority to expand legal eligibility for access to accounts and services. Any expansion of legal eligibility for access to accounts and services would require legislative action by Congress.

Thank you for your continued interest in this topic.

Sincerely,

CC: The Honorable Kevin Warsh
Chairman
Board of Governors of the Federal Reserve System

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[9] https://www.federalreserve.gov/newsevents/pressreleases/other20260520a.htm; *see also* 91 FR 30627 (May 26, 2026).

[10] 90 FR 244 (Dec. 23, 2025).

[11] At the same time that the Board announced its Payment Account proposal, it encouraged Reserve Banks to pause decisions on requests for accounts and services from institutions that are subject to the highest level of scrutiny under the Guidelines until the Board has received public input and completed its policy development process on the Payment Account. A pause will ensure greater transparency, consistency, and certainty for institutions that are seeking access during this period.