FEDERAL RESERVE SYSTEM

[Docket No. OP-1883]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private-sector adjustment factor (PSAF) for 2027 of $35.3 million and the 2027 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980 (MCA), which requires that, over the long run, fees for Federal Reserve priced services be established based on all direct and indirect costs, including the PSAF. Copies of all fee schedules are available from the Federal Reserve Financial Services (FRFS) website at *www.FRBservices.org*.

DATES: The new fee schedules become effective January 1, 2027.

FOR FURTHER INFORMATION CONTACT: Ian Spear, Deputy Associate Director or Yonel Admasu, Financial Institution Policy Analyst III, Division of Reserve Bank Operations and Payment Systems at (202) 452-3000. For users of TTY-TRS, please call 711 from any telephone, anywhere in the United States.

SUPPLEMENTARY INFORMATION:

I. Overview

As required by the MCA, the Reserve Banks set fees for priced services provided to financial institutions. These fees are set to recover, over the long run, all direct and indirect costs

and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private-sector business provided the services.[1] The imputed costs and imputed profit are collectively referred to as the PSAF.

1. Long-Run Cost Recovery — From 2016 through 2025, the Reserve Banks recovered 103.7 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for the mature services. During that period, Check Services, the Fedwire® Funds Service, the National Settlement Service, the Fedwire® Securities Service, and FedACH® Services achieved full cost recovery.[2]

2. 2027 Summary of Pricing, Projected Performance, and PSAF — The Reserve Banks are making price changes in 2027 to offset rising costs and reduce pricing complexity for customers. These changes most notably include strategic pricing and operational changes to the Check Services and the introduction of a FRFS Access Fee along with corresponding simplification and reduction of existing connectivity fees.

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[1] *See* 12 U.S.C. § 248a. *See also Principles for the Pricing of Federal Reserve Bank Services*, 46 FR 1338, 1339 (Jan. 6, 1981), available at *https://www.federalreserve.gov/paymentsystems/pfs_principles.htm.* Although the Monetary Control Act does not define "over the long run," the Board has generally measured long-run cost recovery for mature services to be over a 10-year rolling time frame. The Board currently views a 10-year cost recovery expectation as appropriate for assessing mature services, which are those that have achieved a critical mass of customer participation and generally have stable and predictable volumes, costs, and revenues. The 10-year recovery rate is based on the pro forma income statements for Federal Reserve priced services published in the Board's *Annual Report.* In accordance with Accounting Standards Codification (ASC) 715 *Compensation—Retirement Benefits,* the Reserve Banks recognized a $579.5 million cumulative reduction in equity related to the priced services' benefit plans through 2025. Including this cumulative reduction in equity from 2016 to 2025 results in cost recovery of 104.8 percent for the 10-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report*.

[2] In addition to long-run cost recovery as required by the MCA, the Reserve Banks also seek to manage their cost recovery any given year. For 2026, the Reserve Banks forecast that they will recover 105.1 percent of the costs of providing all mature priced services compared with a 2026 budgeted recovery rate of 107.1 percent. The Reserve Banks forecast that each mature service will achieve full cost recovery in 2026 except for Check Services. Check Services are anticipated to recover below 100 percent because of projected declines in volume and increased investments to maintain the reliability of aging infrastructure.

The new FRFS Access Fee includes access to a suite of FedLine® services and discounts for customers meeting certain eligibility requirements. At the same time, the Reserve Banks are making corresponding changes to reduce or eliminate fees for various FedLine connectivity solutions that will be included with the new FRFS Access Fee. This approach aims to simplify pricing schedules, provide a more streamlined experience for customers using multiple services, and support the Reserve Banks' cost-recovery over the long-term. These enterprise pricing changes are designed to be revenue neutral for the Reserve Banks in 2027.

The Reserve Banks are also increasing various Check Services fees, retiring certain low-volume offerings, and reducing operating hours during times of minimal activity (e.g., certain periods over weekends and holidays). These are the first in a series of anticipated strategic changes to Check Services over the coming years, informed by public input from the Board's 2025 request for information (RFI) on the future of the Reserve Banks' Check Services.[3] As further discussed below, a significant number of commenters to the RFI supported the Reserve Banks continued operational presence in check processing. To maintain such a presence while supporting long-run cost recovery objectives amid declining volumes, the Reserve Banks are preparing to simplify check service offerings and regularly apply fee increases for these services. The Board will continue to monitor long-run cost recovery performance for Check Services and, as needed, may reassess the appropriate nature and scope of the Reserve Banks' role in check processing and may implement additional changes in the future. Such reassessment would consider, among other factors, the long-run cost recovery outlook for Check Services and progress made towards the adoption of alternative payment methods for those seeking them.

[3] *See* Board, "Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services," Federal Register (December 9, 2026), *https://www.federalregister.gov/d/2025-22272*.

Finally, the price changes in 2027 also include modest increases in certain Fedwire Funds Service fees, modest decreases in Fedwire Securities fees, and an increase to the FedLine Direct Wide Area Network (WAN) fee to encourage customers' completion of a required network infrastructure upgrade. The Reserve Banks are not making any changes to fees for the FedACH or the FedNow® Service other than those previously announced earlier in 2026. These changes collectively will result in an average price increase of 1.4 percent for customers in 2027.

Other than the changes discussed in the Pricing Changes section (section II), all other previously approved fees and discounts currently in effect across the Reserve Banks' Check Services, FedACH Services, Fedwire Funds Service, Fedwire Securities Service, National Settlement Service, FedNow Service, and FedLine Solutions will be maintained at this time. For a full list of fees, refer to the Reserve Banks' published fee schedules available at: *https://www.frbservices.org/resources/fees*.

Based on these pricing changes, the Reserve Banks project a mature priced services cost recovery rate of 101.5 percent in 2027, with a net gain of $19.0 million and targeted ROE of $10.7 million. The Reserve Banks project that each of the individual mature service lines will achieve full cost recovery in 2027 except for Check Services, which is expected to under recover because of projected declines in volume and increased investment to maintain the reliability of aging infrastructure. The primary risk to the Reserve Banks' current projections are unanticipated volume and revenue reductions as well as the potential for cost overruns from infrastructure maintenance.

These estimates include a PSAF of $35.3 million.[4] This amount is an increase of $1.2 million from the 2026 PSAF of $34.1 million, attributable to increases of $1.6 million in Board of Governors' expenses and $0.3 million in sales taxes, offset by a $0.8 million decrease in the cost of capital. Additional details on the methodology and computation of this year's PSAF are provided in the included appendix.

3. Data Tables — The tables below provide additional details for all mature priced services.[5] Table 1 summarizes 2025 actual, 2026 forecast, and 2027 budgeted annual cost recovery rates for all mature priced services. Table 2 provides an overview of cost recovery budgets, forecasts, and performance for the 10-year period from 2016 to 2025, 2025 actual, 2026 budget, 2026 forecast, and 2027 budget by mature priced service.

Table 1 — Aggregate Mature Priced Services Pro Forma Cost and Revenue Performance [a]

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE (%)
	1 [b]	2 [c]	3 [1−2]	4 [d]	5 [e] [1/(2 + 4)]
2025 (actual)	541.8	490.6	51.3	10.8	108.1
2026 (forecast)	542.9	504.0	38.9	12.6	105.1
2027 (budget)	550.5	531.5	19.0	10.7	101.5

[a] Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding. Excludes amounts related to the FedNow Service.

[b] Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets. For 2027, the budgeted revenue assumes implementation of the fee changes.

[4] The FedNow Service launched in July 2023. Inclusive of the FedNow Service, the PSAF increases to $40.6 million for 2027. Per its 2019 notice entitled Federal Reserve Actions to Support Interbank Settlement of Instant Payments (2019 Notice), the Board has determined that it is most appropriate to report FedNow Service cost recovery independently of mature priced services until the service has relatively stable revenues and costs. Thus, FedNow Service revenue is excluded from overall performance projections for 2027.

[5] FedNow Service revenue and expenses are excluded from the overall performance projections. In its 2019 Notice, the Board communicated that it expects the FedNow Service to achieve its first instance of long-run cost recovery outside the 10-year time frame typically applied to mature services. New services like the FedNow Service are not expected to initially have stable volumes, costs, and revenues; application of the 10-year rolling time frame used to evaluate mature services to the FedNow Service would result in prohibitively high or unnecessarily volatile pricing, negatively affecting the Federal Reserve's public policy objectives in providing the service. See *Federal Reserve Actions to Support Interbank Settlement of Instant Payments*, 84 FR 39297, (Aug. 9, 2019). The FedNow Service is discussed in section II.

[c] The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, Board of Governors priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under ASC 715 are also included.

[d] Targeted ROE is the after-tax ROE included in the PSAF.

[e] The recovery rates in this and subsequent tables do not reflect the unamortized gains or losses that must be recognized in accordance with ASC 715. Future gains or losses, and their effect on cost recovery, cannot be projected.

Table 2 — Mature Priced Services Cost Recovery

[Percent]

Priced service	2016-2025	2025 Actual	2026 Budget [a]	2026 Forecast	2027 Budget [b]
All mature services	103.7	108.1	107.1	105.1	101.5
Check	104.6	99.6	94.6	94.5	78.9
FedACH	102.6	110.6	112.1	110.6	114.7
Fedwire Funds & NSS	103.1	106.8	107.9	105.1	102.7
Fedwire Securities	110.6	122.9	115.7	108.6	113.8

[a] Budget figures reflect final budgets as approved by the Board.

[b] Budget figures reflect preliminary budget information from the Reserve Banks that will be submitted for consideration by the Board.

II. Pricing Changes

FRFS Access Fee & FedLine Solutions

Beginning in 2027, the Reserve Banks will introduce a new fixed FRFS Access Fee. The fee will be assessed at both the parent and routing transit number (RTN) levels as well as for payment processors and providers. This new fee represents the first step in a multi-year strategy designed to simplify pricing structures, better support customers using multiple services, and ensure the Reserve Banks' ability to maintain cost recovery over the long-term. Under this new model, certain FedLine Solutions fees will be eliminated or reduced.[6] Furthermore, the Reserve

[6] There are currently five FedLine Solutions channels through which customers can access the Reserve Banks' priced services: FedMail®, FedLine Web®, FedLine Advantage®, FedLine Command®, and FedLine Direct®. The

Banks will introduce a new discount on the FRFS Access Fee for eligible customers. Specifically, customers who are FedACH and Check Services Premium Receivers[7] and subscribe to a FedLine Advantage, FedLine Command or FedLine Direct solution, will be eligible for a 25 percent discount on their total FRFS Access Fee.

Table 3 shows the 2027 FRFS Access Fee Schedule and Table 4 shows the complimentary and reduced FedLine solutions that will be included as part of the Access Fee.

Table 3 — FRFS Access Fees[8]

Access Fee Components	**2027 Fee (Per RTN per month)**
Parent[9]	$300
Additional RTNs[10]	$270
Payment Processors and Providers (PPP)[11]	$10

Table 4 — Complimentary and Reduced Price FedLine Fees[12]

Reserve Banks currently bundle these channels into 10 FedLine Solutions packages that are supplemented by a number of premium (or à la carte) access and accounting information options. Within the FedLine suite, the FedMail package delivers financial statements, payment advice, and operational reports directly to financial institutions via automated email.

[7] Premium Receivers are Receiving Depository Financial Institutions (RDFIs) receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator (Level One); or RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator (Level Two).

[8] Institutions that process payments on behalf of other institutions (e.g. correspondents) as well as their own payments will be charged the Payment Processors and Providers fee in addition to the parent and RTN fees.

[9] This fee is charged at the parent financial institution level, as defined in the Reserve Banks' Global Customer Directory (GCD), and includes a customer's first Routing Transit Number (RTN).

[10] This fee is charged for each additional Routing Transit Number (RTN) that had any Fedwire Funds, FedACH, FedNow, or Check Services volume in the month.

[11] This fee is charged to the PPP acting on behalf of a financial institution for each Routing Transit Number (RTN) that had any Fedwire Funds, FedACH, FedNow or Check Services volume in the month.

[12] Accounting Information Services (AIS) – Premium Services, such as the End-of-Day Financial Institution Reconcilement File, Statement of Account Spreadsheet File, and Intra-Day Download Search Results, previously

FedLine Fee	2026 Fee	2027 Fee
FedLine Web® (FLW)[13]	$110	$0 (complimentary)
FedLine Web® (FLW) Plus[13]	$160	$0 (complimentary)
FedLine Web® (FLW) Premier[13]	$200	$0 (complimentary)
FedLine Advantage®[13,14]	$415	$0 (complimentary)
FedLine Advantage® Plus[13,14]	$460	$0 (complimentary)
FedLine Advantage® Premier[13,14]	$570	$0 (complimentary)
FedMail® Subscribers	$25	$0 (complimentary)
Ten (10) FedLine® Subscribers[15]	$200	$0 (complimentary)
Two (2) Virtual Private Network (VPN) devices[16]	$200	$0 (complimentary)
FedLine Command® (FLC) Plus[17]	$1,185	$600
FedLine Direct® (FLD) Plus[18]	$5,750	$4,500
FedLine Direct® (FLD) Premier[18]	$11,000	$4,500
FLD 10 Mbps Wide Area Network (WAN) Connection Upgrade	$1,700	$1,175
FLD 30 Mbps WAN Connection Upgrade	$3,000	$2,250
FLD 50 Mbps WAN Connection Upgrade	$4,000	$3,000
FLD 100 Mbps WAN Connection Upgrade	$7,000	$5,520
FLD 200 Mbps WAN Connection Upgrade	$11,000	$8,250

In addition to the elimination or reduction of these FedLine fees, the Reserve Banks will increase certain FedLine fees to incentivize customers to migrate towards more secure solutions. Specifically, the Reserve Banks will increase the monthly FedMail service fee from $100 to $150, to encourage customers to migrate towards more secure interactive web-based solutions like FedLine Web or FedLine Advantage, which will now be included in the new FRFS Access

bundled in some FedLine Solutions packages will be subject to existing a la carte fees. Additionally, automated download codes will be subject to existing E-Payments Download Codes a la carte fees.

[13] All tiers will collapse to FedLine Web and FedLine Advantage at $0 on fee schedules and billing statements.

[14] The existing FedLine Advantage Promotion for the FedNow Service will end in 2026.

[15] Additional FedLine Subscribers will be subject to the existing $100 per Pack of 5 fee.

[16] Additional VPNs will be subject to the existing $100 fee.

[17] FedLine Command Plus package will be renamed to FedLine Command on the FedLine Solutions fee schedule and customer billing statements.

[18] FedLine Direct Plus and FedLine Direct Premier packages will collapse into FedLine Direct which will include one (1) WAN Connection within the fee. FedLine Direct Premier currently includes an additional WAN Connection and one (1) instance of Network Diversity, which will now be subject to the existing $3,300 and $2,500 fees respectively.

Fee. The Reserve Banks estimate the above price changes will result in an approximately 0.1 percent average price increase for customers prior to any other service specific discounts.

The Reserve Banks will also begin assessing a $15,000 monthly FedLine Direct surcharge for customers who have not completed necessary changes as part of a mandatory migration of FedLine Direct Primary WAN circuits.[19] This migration has been underway since 2025 as part of a vendor transition that will provide customers with enhanced service reliability and security features for mission-critical financial traffic. The Reserve Banks are encouraging financial institutions that have not yet converted to the new FedLine Direct Primary WAN circuits to finalize their transition prior to December 31, 2026 to maintain standard billing rates and help ensure their FedLine connections remain current.

All other previously approved price points and discounts in the FedLine Fee Schedule that are currently in effect will be maintained in 2027. For full details, please refer to the FedLine Fee Schedule available at *https://www.frbservices.org/resources/fees*.

Check Services

Table 5 shows the 2025 actual, 2026 forecast, and 2027 budgeted cost recovery performance for commercial check services.

[19] This surcharge will be added to the standard $3,300 connection fee, resulting in a total monthly charge of $18,300 per circuit until the migration is successfully completed.

Table 5 — Check Services Pro Forma Cost and Revenue Performance

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE (%)
	1 [b]	2 [c]	3 [1−2]	4	5 [1/(2 + 4)]
2025 (actual)	108.6	106.9	1.7	2.1	99.6
2026 (forecast)	107.4	110.7	(3.4)	2.8	94.5
2027 (budget)	110.8	137.7	(26.8)	2.9	78.9

1. 2026 Forecast — The Reserve Banks forecast that Check Services will recover 94.5 percent of total expenses and targeted ROE, compared with a 2026 budgeted recovery rate of 94.6 percent.

Through August 2026, total commercial forward and total commercial return check volumes were 8.7 percent lower and 4.2 percent lower, respectively, than they were during the same period last year. For full-year 2026, the Reserve Banks estimate that total forward check volume will decline 8.1 percent (compared with a budgeted decline of 6.0 percent) and total return check volume will fall 3.8 percent (compared with a budgeted decline of 2.0 percent) from 2025 levels. The Reserve Banks expect that check volumes will continue to decline because of ongoing substitution away from checks to other payment instruments.

2. Federal Reserve Banks' Future Strategy for Check Services — Check usage in the United States has declined substantially in recent decades as alternative payment methods have grown, and check fraud has become more prevalent.[20] At the same time, the Reserve Banks' check-

[20] The number of checks written in the U.S. fell from approximately 40 billion in 2000 to about 9 billion in 2024. See Federal Reserve Board, "Federal Reserve Payments Study: Latest Figures," (2026), available at *https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm,* in tabular form

processing infrastructure will soon require material investments. These infrastructure needs, combined with declining check volumes, have intensified pressure on the Reserve Banks' Check Service revenues and costs, making it more challenging to achieve long-run cost recovery. Considering these dynamics and broader trends in the check market, the Board issued an RFI in December 2025 to gather feedback on potential strategic changes to the Reserve Banks' Check Services and on check usage and preferences more generally.[21] The Board received over 330 unique comments from a range of stakeholders.[22]

Across responses to the RFI, commenters emphasized that checks continue to meet important payment needs that they believe alternative payment methods currently do not fully satisfy.[23] Commenters also noted that the Reserve Banks serve as a neutral, trusted provider of cost-efficient check services with nationwide reach, particularly for smaller financial institutions that have limited access to other providers.[24] Many commenters supported the Reserve Banks' continued provision of check services into the future, with limited support for any substantial or rapid wind down. While commenters acknowledged the overall decline in check usage, many nevertheless emphasized the importance of preserving the safety and resiliency of check

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https://www.federalreserve.gov/paymentsystems/frps_cy2015_24_topline_accessible_version.htm. *See* Financial Crimes Enforcement Network, "FinCEN Alert: Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting U.S. Mail" (February 27, 2023), *https://www.fincen.gov/news/news-releases/fincen-alert-nationwide-surge-mail-theft-related-check-fraud-schemes-targeting*.

[21] See Board, "Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services," Federal Register (December 9, 2026), *https://www.federalregister.gov/d/2025-22272*.

[22] Commenters represented a wide array of segments including financial institutions, trade organizations, businesses, service providers, consumer groups, and individual check users.

[23] For example, commenters cited unique attributes of checks, including lower transaction costs for some end users, the memo line for providing additional transaction details for recordkeeping, check float for liquidity management, and legal requirements that stipulate the use of checks for certain transactions.

[24] The Reserve Banks are only one of the many players in check processing. When a depository institution receives a check deposit drawn on another institution, the depository institution may choose to send the check for collection to the other institution directly, deliver it to the other institution through a private-sector exchange, or use the check-collection services of a correspondent, service provider, or the Reserve Banks.

processing and supported infrastructure investments to maintain the current reliability of the Reserve Banks' Check Services. At the same time, commenters raised concerns about the impact of fee increases, including those necessary to recover such investments, with some support for simplifying the Reserve Banks' Check Services to help manage long-run costs.

The Federal Reserve has carefully considered these comments and, after assessing related operational and financial factors, has determined that the Reserve Banks will continue to provide core check processing services. To support long-run cost recovery objectives, the Reserve Banks must balance necessary near-term infrastructure investments with declining check volumes. Although the Reserve Banks routinely make changes to their check services and associated fees in the normal course of business, the scale of anticipated cost and revenue pressures exceeds what can be addressed through standard pricing adjustments and will therefore require more significant fee increases than have been customary, in addition to simplifying certain service features.

Accordingly, based on commenter feedback and these considerations, the Reserve Banks will implement a series of strategic changes to maintain reliable core check-processing services while managing costs and revenues, including making necessary infrastructure investments to support these changes. Consistent with commenter feedback that checks continue to serve important payments needs, these changes would only apply to the Reserve Banks' check services and would not affect end users' ability to continue using checks as a payment method.

To better align service offerings with declining volumes, the Reserve Banks will simplify certain product features (such as significantly reducing processing options for checks submitted to and received from the Reserve Banks in paper form), retire low-use features, and narrow

processing windows. The Reserve Banks will also regularly apply fee increases for financial institutions that use the service to support long-run cost recovery objectives.

The Reserve Banks expect to implement these changes beginning in 2027 and continuing over the next several years. Advanced notice of any changes would be provided through existing channels, such as through the Board's announcement of future fee schedules or the Reserve Banks' routine customer engagement and industry outreach. During this period, the Federal Reserve will continue its broader work to support the safety and efficiency of the payments system, including, as requested by commenters, engaging with the industry on barriers that may be preventing use of alternative payment methods. The Board will continue to monitor long-run cost recovery performance for Check Services and, as needed, the Board will reassess the appropriate nature and scope of the Reserve Banks' role in check processing. Such reassessment would consider, among other factors, the long-run cost recovery outlook for Check Services and progress made towards the adoption of alternative payment methods. Consistent with the Federal Reserve's long-standing policy, the Board would seek public comment if any future changes would have significant longer-run effects on the nation's payment system.

3. 2027 Pricing — The Reserve Banks expect Check Services to recover 78.9 percent of total expenses and targeted ROE in 2027. The Reserve Banks project revenue to be $110.8 million, an increase of $3.5 million, or 3.2 percent from the 2026 forecast. Total expenses for Check Services are projected to be $137.7 million, an increase of $26.9 million, or 24.3 percent, from 2026 forecast expenses due to necessary investments to maintain the reliability of their core check-processing capabilities.

As described previously, the Reserve Banks will begin implementing strategic changes to their check services beginning in 2027 to maintain reliable check services while managing costs

and revenues. None of these changes will affect the public's ability to continue using checks as a payment method.

Specifically, in 2027, the Reserve Banks will increase FedReceipt® item fees by two hundred percent and will increase fees for other premium features by approximately twenty percent (specifically the Reject Repair fees, Premium Delivery fees, FedImage® fees, and Return Reclear fees). Tables 6-10 provide additional details on these fee increases.

In addition, as part of the Reserve Banks' plan to reduce check features with little to no usage the Reserve Banks will retire all Presentment Point services. These services currently have fewer than fifty users and have not had any volume since 2013.[25]

Table 6 — FedReceipt Item Fees

FedReceipt Item Fees	Current Monthly Fee	2027 Monthly Fee
FedReceipt – Forward	$0.0005	$0.0015
FedReceipt - Return	$0.0005	$0.0015

Table 7 — Reject Repair Fees

Reject Repair Fees	Current Monthly Fee	2027 Monthly Fee
Reject Repair	$0.30	$0.36
Reject Repair - Premium	$0.40	$0.48

Table 8 — Premium Delivery Fees

Premium Delivery Fees	Current Monthly Fee	2027 Monthly Fee

[25] Presentment Point Services include Primary Presentment Point-Basic, Primary Presentment Point-Enhanced, SDS Settlement and Adjustment Services – Basic, and SDS Settlement and Adjustment Services – Premium.

8:00 AM ET Target	$0.048	$0.058
10:00 AM Local Target	$0.029	$0.035
12:00 PM Local Target	$0.021	$0.025

Table 9 — FedImage Fee Comparison

	Fixed/CL	Item	Fixed/CL	Item
Image Archive				
Tier 1 Storage				
30 business day archive		$0.0014		$0.0017
60 business day archive		$0.0017		$0.0020
Extended Tier 1 Storage				
61 days to 6 months		$0.0013		$0.0016
61 days to 12 months		$0.0032		$0.0038
61 days to 24 months		$0.0081		$0.0097
Tier 2 Storage				
7 Year archive		$0.0026		$0.0031
Image Retrievals				
Subscription Retrieval		$0.0035		$0.0042
Manual FedImage Requests		$10.00		$12.00
Back File Conversion	$8.80	$0.0145	$10.60	$0.0174
Electronic On-Us Service	$8.80	$0.0145	$10.60	$0.0174
Truncation				
FedImage Enhanced Truncation	$8.80	$0.0145	$10.60	$0.0174
*Return Retriev*al		$1.70		$2.00
Custom Sort Fee Forward	$212.00		$254.40	
Custom Sort Fee Return	$212.00		$254.40	

Table 10 — Return Reclear Fees

Return Reclear	Current Monthly Fee	2027 Monthly Fee
Level 1 Daily Fee	$12	$15
Level 1 per item	$0.85	$1.02
Level 2 Daily Fee	$12	$15
Level 2 per item	$0.95	$1.14
Level 3 Daily Fee	$12	$15
Level 3 per item	$1.05	$1.26
Level 4 Daily Fee	$12	$15
Level 4 per item	$1.15	$1.38

In addition to the above changes, beginning in May 2027 as part of the strategic changes to simplify Check Services, the Reserve Banks will reduce processing windows on weekends and holidays when there are limited volumes in order to better align with current trends and servicing needs.[26] Currently Reserve Banks' Check Services open Sunday at 2:00 p.m. ET through the following Saturday at 10:00 p.m. ET regardless of holidays. As of May 2027, the Reserve Banks will generally open Check Services Sunday at 7:00 p.m. ET (opening 5 hours later) and will close the following Saturday at 4:00 a.m. ET (closing 18 hours earlier).[27]

In addition, beginning in May 2027, the Reserve Banks will also close for Holidays. Table 11 describes when Check Services will be closed during Friday, Monday, and Midweek Holidays. As described previously, these schedule changes will not affect consumers' use of checks.

Table 11 — Holiday Closing and Reopening Times (ET) (Beginning May 2027)

Friday Holiday	Closes Friday 12:30 a.m. – Reopens Sunday 7:00 p.m.

[26] More detailed customer communications will be forthcoming in 2027 from the Reserve Banks.

[27] This adjustment extends the weekend maintenance window from 16 hours (currently Saturday 10:00 p.m. ET to Sunday 2:00 p.m. ET) to 39 hours (Saturday 4:00 a.m. ET to Sunday 7:00 p.m. ET).

Monday Holiday	Closes Saturday 4:00 a.m. – Reopens Monday 7:00 p.m.
Midweek Holiday	Closes on Holiday 12:30 a.m. – Reopens on Holiday 7:00 p.m.

The primary risk to Reserve Banks' current projections for Check Services are variations in volume forecasts and additional incremental infrastructure costs necessary to maintain the reliability of the check services. Check volume declines are due to the general reduction in check writing and customer transition to alternative providers or payment methods, and competition from correspondent banks, aggregators, and direct exchanges. Should those declines be greater than expected, anticipated revenue would be lower. The Reserve Banks estimate that these cumulative price changes will result in a 5.4 percent average increase for Check Services customers.

All other previously approved prices and discounts in the Check Services Fee Schedule that are currently in effect will be maintained in 2027. For full details, please refer to the Reserve Banks' Check Services Fee Schedule available at *https://www.frbservices.org/resources/fees*.

FedACH Services

Table 12 shows the 2025 actual, 2026 forecast, and 2027 budgeted cost recovery performance for commercial FedACH Services.

Table 12— FedACH Services Pro Forma Cost and Revenue Performance

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE
	1	2	3 [1−2]	4	5 [1/(2 + 4)]
2025 (actual)	199.6	176.8	22.8	3.7	110.6
2026 (forecast)	204.3	180.0	24.3	4.6	110.6
2027 (budget)	212.1	181.1	30.9	3.8	114.7

1. 2026 Forecast — The Reserve Banks forecast that FedACH Services will recover 110.6 percent of total expenses and targeted ROE, compared with a 2026 budgeted recovery rate of 112.1 percent.

Through August 2026, FedACH commercial origination and receipt volume were 3.1 percent higher and 5.7 percent higher, respectively, than they were during the same period last year. For full-year 2026, the Reserve Banks estimate that FedACH commercial origination and receipt volume will increase 2.4 percent and 6.2 percent, respectively, from 2025 levels, compared with a budgeted increase for commercial origination of 5.2 percent and receipt of 4.5 percent.

2. 2027 Pricing — The Reserve Banks expect FedACH Services to recover 114.7 percent of total expenses and targeted ROE in 2027. The Reserve Banks project revenue to be $212.1 million, an increase of $7.8 million, or 3.8 percent, from the 2026 forecast. Total expenses are projected to be $181.1 million, an increase of $1.1 million, or 0.6 percent, from the 2026 forecast.

The Reserve Banks will leave the full 2026 fee schedule for FedACH services unchanged in 2027. For full details, please refer to the FedACH Fee Schedule available at *https://www.frbservices.org/resources/fees*.

This decision considers the benefits of maintaining consistent customer pricing in the face of rising costs. The Reserve Banks' primary risk to current projections for the FedACH Service is lower-than-projected volume growth due to potential customer attrition or economic conditions.

Fedwire Funds Service and National Settlement Service

Table 13 shows the 2025 actual, 2026 forecast, and 2027 budgeted cost recovery performance for the Fedwire Funds Service and the National Settlement Service.

Table 13 — Fedwire Funds Service and National Settlement Service Pro Forma Cost and Revenue Performance

[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE
	1	2	3 [1−2]	4	5 [1/(2 + 4)]
2025 (actual)	177.4	162.0	15.4	4.1	106.8
2026 (forecast)	179.2	166.5	12.7	4.0	105.1
2027 (budget)	176.4	168.5	7.9	3.3	102.7

1. 2026 Forecast — The Reserve Banks forecast that the Fedwire Funds Service and the National Settlement Service will recover 105.1 percent of total expenses and targeted ROE, compared with a 2026 budgeted recovery rate of 107.9 percent.

Through August 2026, Fedwire Funds Service volume was 4.9 percent higher than it was during the same period last year. The Reserve Banks expect volume to remain near this level through the remainder of 2026. Through August 2026, the National Settlement Service settlement file volume was 3.6 percent higher than it was during the same period last year, and settlement entry volume was 2.0 percent higher. For full-year 2026, the Reserve Banks estimate that origination and receipt volume will increase 4.8 percent (compared with a budgeted increase of 4.0 percent) from 2025 levels.

2. 2027 Pricing — The Reserve Banks expect the Fedwire Funds Service and the National Settlement Service to recover 102.7 percent of total expenses in 2027. The Reserve Banks project revenue to be $176.4 million, a decrease of $2.8 million, or 1.6 percent, from the 2026

forecast. The Reserve Banks project total expenses to be $168.5 million, an increase of $2.0 million, or 1.2 percent, from the 2026 forecast.

The Reserve Banks will increase all three tiers of the Fedwire Funds Service per transfer volume-based fees.[28] The Reserve Banks will not change the National Settlement Service fee schedule for 2027.

These fee increases are intended to account for ongoing technology investments to enhance customer experience and to address anticipated higher operating costs. Ongoing projects such as expanding operating hours for Fedwire Funds and NSS and enhanced resiliency capabilities, as well as continued enhancements following the ISO® 20022 message format release, have planned incremental costs staggered over the coming years. This modest fee increase will help account for those expected costs as well as provide price stability for customers by diminishing the need for a larger fee increase in the future. Table 14 provides additional detail on these fee increases.

Table 14 — Per Transfer Volume-Based Tier Fees

	Current Fee	**2027 Fee**
Tier 1 Fee	$0.970	$0.980
Tier 2 Fee	$0.300	$0.305
Tier 3 Fee	$0.195	$0.200

The primary risk to Reserve Banks' current projections for these services is lower-than-projected volumes due to the market and economic environment given that historically, Fedwire

[28] Tiers are based on monthly total volume (send and receive) at master account level: 0-14,000 messages (Tier 1); 14,001-90,000 (Tier 2), and all volume above 90,000 messages (Tier 3). This tiered pricing structure is complemented with a volume-based incentive mechanism providing discounts to customers for exceeding volume thresholds.

Funds Service volume has reflected market conditions.[29] The Reserve Banks estimate that these cumulative price changes will result in a 3.0 percent average price increase for Fedwire Funds Service and National Settlement Service customers.

All other previously approved prices and discounts in the Fedwire Funds Service and National Settlement Service Fee Schedules that are currently in effect will be maintained in 2027. For full details, please refer to the Reserve Banks' Fedwire Funds Service and National Settlement Service Fee Schedules available at *https://www.frbservices.org/resources/fees*.

Fedwire Securities Service

Table 15 shows the 2025 actual, 2026 forecast, and 2027 budgeted cost recovery performance for the Fedwire Securities Service.[30]

Table 15 — Fedwire Securities Service Pro Forma Cost and Revenue Performance
[Dollars in millions]

Year	Revenue	Total expense	Net income (ROE)	Targeted ROE	Recovery rate after targeted ROE
	1	2	3 [1−2]	4	5 [1/(2 + 4)]
2025 (actual)	56.3	44.9	11.3	0.8	122.9
2026 (forecast)	52.0	46.8	5.3	1.1	108.6
2027 (budget)	51.2	44.2	7.0	0.8	113.8

[29] Fedwire Funds Service volume growth generally reflects economic growth. For example, in 2008 and 2009 volume contracted 2.5 percent and 5.0 percent, respectively, during the Great Recession. For historical Fedwire Funds Service volume data, *see* FRBservices.org, *Fedwire Funds Service – Annual Statistics*, *https://www.frbservices.org/resources/financial-services/wires/volume-value-stats/annual-stats.html*.

[30] The Reserve Banks provide transfer services for securities issued by the U.S. Treasury, federal government agencies, government-sponsored enterprises, and certain international institutions. Before 2023, the priced component of this service consisted of revenues, expenses, and volumes associated with the transfer of all non-Treasury securities. Starting in 2023, the revenues, expenses, and volumes associated with the transfer of Treasury securities are also included in the priced component of this service.

1. 2026 Forecast — The Reserve Banks forecast that the Fedwire Securities Service will recover 108.6 percent of total expenses and targeted ROE, compared with a 2026 budgeted recovery rate of 115.7 percent.

Through August 2026, Treasury security transfer volume was 3.4 percent higher than it was during the same period last year. For full-year 2026, the Reserve Banks estimate that Treasury security transfer volume will increase 4.4 percent from 2025 levels, compared with a budgeted increase of 14.3 percent. Through August 2026, Agency security transfer volume was 3.6 percent higher than it was during the same period last year. For full-year 2026, the Reserve Banks estimate that Agency security transfer volume will increase 2.4 percent from 2025 levels, compared with a budgeted increase of 3.5 percent.

Through August 2026, account maintenance volume decreased 2.7 percent compared with the same period last year. For full-year 2026, the Reserve Banks estimate that account maintenance volume will decrease 3.3 percent, consistent with recent trends and primarily driven by a reduction in joint custody accounts, compared with a budgeted decline of 1.2 percent. Through August 2026, the volume of Agency issues maintained was 1.5 percent higher than it was during the same period last year. For full-year 2026, the Reserve Banks estimate that the volume of Agency issues maintained will increase 1.6 percent from 2025 levels, compared with a budgeted change of 0.4 percent.

2. 2027 Pricing — The Reserve Banks expect the Fedwire Securities Service to recover 113.8 percent of total expenses and targeted ROE in 2027. Revenue is projected to be $51.2 million, a decrease of $0.8 million, or 1.6 percent, from the 2026 revenue forecast. The Reserve Banks also project that 2027 expenses will be $44.2 million, a decrease of $2.5 million, or 5.4 percent from the 2026 forecast.

The Reserve Banks will decrease Fedwire Securities Service transfer fees and monthly maintenance fees by approximately 3.4 percent for 2027. These moderate reductions will help address persistent cost recovery overperformance. In addition, these fee schedules will position the Fedwire Securities Service to resolve existing service issues through technology investments while providing capacity to address uncertainties that may impact revenue and cost expectations.[31] Tables 16 and 17 provide additional details on these fee decreases.

Table 16 — Transfer Fees

	Current Fee	2027 Fee
Basic Transfer Originated	$0.55	$0.53
Basic Transfer Received	$0.55	$0.53
Basic Reversal Originated	$0.55	$0.53
Basic Reversal Received	$0.55	$0.53

Table 17 — Monthly Maintenance Fees

	Current Monthly Fee	2027 Monthly Fee
Account Maintenance (per account)	$51.50	$50.00
Issue Maintenance (per issue/per account)	$0.55	$0.53

The primary risks to the Reserve Banks' current projections for the Fedwire Securities Service include variations in product volume forecasts stemming from the macroeconomic outlook and incremental costs for technology investments. The Reserve Banks estimate these cumulative price changes will result in a 3.4 percent average price decrease for Fedwire Securities Service customers.

[31] For example, slowing Treasury transfer volume growth despite record federal government debt levels present challenges to forecasts. On average, daily Treasury transfers grew by 15% annually between January 2024 and July 2025, with the rate slowing to around 4.4% since August 2025. Treasury transfers are projected to grow by approximately 5% and 3% in 2026 and 2027, respectively

All other previously approved prices and discounts in the Fedwire Securities Service Fee Schedule that are currently in effect will be maintained in 2027. For full details, please refer to the Reserve Banks' Fedwire Securities Fee Schedule available at *https://www.frbservices.org/resources/fees*.

FedNow Service

1. 2026 Forecast — The Reserve Banks forecast that the FedNow Service will generate a total of $236.1 million in operating expenses in 2026.

The number of transactions processed by the FedNow Service in 2026 is modest and consistent with the Federal Reserve's expectations for a new service line. From January through August 2026, the transaction volume of the FedNow Service totaled 12,045,871 transactions. Broad adoption of the FedNow Service across an industry with thousands of financial institutions will be gradual, similar to that of other new payment services, such as FedACH in the 1970s and 1980s. As a result, the Board has adopted a long-term outlook in evaluating the development of the FedNow Service. The Board anticipates acceleration in volume over time as more financial institutions join the network and as the Reserve Banks release new service features on an ongoing basis.[32]

2. 2027 Pricing — In 2027, the Reserve Banks project total operating expenses to be $247.9 million, which will be an increase of $11.8 million, or 5.0 percent from the 2026 forecast.

Earlier in 2026, the Reserve Banks announced a new incentive program designed to further grow the FedNow Service network and strengthen overall network utility for all participants. The program will be effective January 1, 2027, and provides incentives based on

[32] For quarterly FedNow Service transaction data, see Board of Governors of the Federal Reserve System, FedNow Service, *https://www.federalreserve.gov/paymentsystems/fednow_about.htm.*

send and receive enablement on the network.[33] The Reserve Banks also announced the discontinuation of the current per-item fee discount (which discounted the first 2,500 transactions per month to $0), in line with the introduction of the new discount program for 2027. All other previously approved prices and discounts in the FedNow Service Fee Schedule that are currently in effect will be maintained in 2027. This includes the participation fee discount. These continued discounts reflect the relative nascency of the FedNow Service and the desire for financial institutions to experiment with new use cases. The Reserve Banks will revisit all FedNow discounts and pricing structures after 2027.

For full details, please refer to the Reserve Banks' FedNow Service Fee Schedule available at *https://www.frbservices.org/resources/fees*.

III. Analysis of Competitive Effect

All operational and legal changes considered by the Board that may have a substantial effect on payment system participants are subject to the competitive impact analysis described in the Board's policy, *The Federal Reserve in the Payments System*.[34] Under this policy, the Board assesses whether changes would have a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services due to differing legal powers or constraints or due to a dominant market position deriving from such legal differences. If any proposed changes create such an effect, the Board further evaluates the changes to assess whether the benefits associated with the changes—such as contributions to payment system efficiency, payment system integrity, or other Board objectives—can be achieved while minimizing the adverse effect on competition.

[33] *https://www.frbservices.org/resources/fees/fednow-discount-program-2027*.
[34] *See* Board of Governors of the Federal Reserve System, *Policies: The Federal Reserve in the Payments System*, *https://www.federalreserve.gov/paymentsystems/pfs_frpaysys.htm*.

The Board has conducted this analysis and concluded that the 2027 fees, fee structures, and changes in service will not have a direct and material adverse effect on the ability of other service providers to compete effectively with the Reserve Banks in providing similar services. The Board concluded that the pricing strategy, including discounts, followed general market practice for fees and services and could similarly be implemented by private-sector providers unrelated to any differing legal powers. Additionally, the Reserve Banks expect to continue to achieve aggregate long-run cost recovery across all mature priced services. Therefore, the Reserve Banks' pricing does not have a material adverse effect on the ability of other service providers to compete effectively with the Reserve Banks in providing similar services.

By order of the Board of Governors of the Federal Reserve System.

(signed) Benjamin W. McDonough

Benjamin W. McDonough,
Secretary of the Board.

Appendix: Private-Sector Adjustment Factor Methodology and Computation

The imputed debt financing costs, targeted ROE, and effective tax rate are based on a U.S. publicly traded market model.[35] The method for calculating the financing costs in the PSAF requires determining the appropriate imputed levels of debt and equity and then applying the applicable financing rates. In this process, a pro forma balance sheet using estimated assets and liabilities associated with the Reserve Banks' priced services is developed, and the remaining elements that would exist are imputed as if these priced services were provided by a private business firm. The same generally accepted accounting principles that apply to commercial-entity financial statements apply to the relevant elements in the priced services pro forma financial statements.

The portion of Federal Reserve assets that will be used to provide priced services during the coming year is determined using information about actual assets and projected disposals and acquisitions. The priced portion of these assets is determined based on the allocation of depreciation and amortization expenses of each asset class. The priced portion of actual Federal Reserve liabilities consists of post-employment and post-retirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liability is also included on the balance sheet.[36]

The equity financing rate is the targeted ROE produced by the capital asset pricing model (CAPM). In the CAPM, the required rate of return on a firm's equity is equal to the return on a risk-free asset plus a market risk premium. The risk-free rate is based on the three-month Treasury bill; the beta is assumed to be equal to 1.0, which approximates the risk of the market as a whole; and the market risk premium is based on the monthly returns in excess of the risk-free rate over the most recent 40 years. The resulting ROE reflects the return a shareholder would expect when investing in a private business firm.

For simplicity, given that state income tax rates vary, and various credits and deductions can apply at the federal or state level, an actual income tax expense is not explicitly calculated for Reserve Bank priced services. Instead, the Board targets a pretax ROE that would provide sufficient income to fulfill the priced services' imputed income tax obligations. To the extent that performance results are greater or less than the targeted ROE, income taxes are adjusted using the effective tax rate.

Capital structure. The capital structure is imputed based on the imputed funding need (assets less liabilities), subject to minimum equity constraints. Short-term debt is imputed to fund the imputed short-term funding need. Long-term debt and equity are imputed to meet the priced services long-term funding need at a ratio based on the capital structure of the U.S. publicly

[35] Data for U.S. publicly traded firms is from the Standard and Poor's Compustat® database. This database contains information on more than 6,000 U.S. publicly traded firms, which approximates information for the entirety of the U.S. market.

[36] The pension assets are netted with the pension liabilities and reported as a net asset or net liability as required by ASC 715.

traded market.[37] Any equity imputed that exceeds the amount needed to fund the priced services' assets and meet the minimum equity constraints is offset by a reduction in imputed long-term debt. When imputed equity is larger than what can be offset by imputed debt, the excess is imputed as investments in Treasury securities; income imputed on these investments reduces the PSAF.

Application of the Federal Reserve Policy on Payment System Risk (PSR policy) to the Fedwire Funds Service. The Board's PSR policy incorporates the international standards for financial market infrastructures (FMIs) developed by the Committee on Payments and Market Infrastructures (CPMI) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) known as the *Principles for Financial Market Infrastructures*.[38] The Board recognizes the critical role the Fedwire Services, including the Fedwire Funds Service, play in the financial system and requires them to meet or exceed the risk management standards in the PSR policy, consistent with relevant guidance and the requirements in the MCA.[39] Principle 15 states that an FMI should identify, monitor, and manage general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services. The Fedwire Funds Service does not face the risk that a business shock would cause the service to wind down in a disorderly manner and disrupt the stability of the financial system. To foster competition with private-sector FMIs, however, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid financial assets and equity on the pro forma balance sheet.[40] Current operating expenses are defined as normal business operating expenses on the income statement, less depreciation, amortization, taxes, and interest on debt. Using the Fedwire Funds Service's preliminary 2027 budget, six months of current operating expenses is $61.0 million. In 2027, equity was sufficient to meet the FDIC capital and the PSR policy requirement.

[37] The FDIC rule requires that well-capitalized institutions meet or exceed the following standards: (1) total capital to risk-weighted assets ratio of at least 10 percent, (2) tier 1 capital to risk-weighted assets ratio of at least 8 percent, (3) common equity tier 1 capital to risk-weighted assets ratio of at least 6.5 percent, and (4) a leverage ratio (tier 1 capital to total assets) of at least 5 percent. Because all of the Federal Reserve priced services' equity on the pro forma balance sheet qualifies as tier 1 capital, only requirements 1 and 4 are binding. The FDIC rule can be located at 12 CFR 324.403(b).

[38] *See* Board of Governors of the Federal Reserve System, *Federal Reserve Policy on Payment System Risk*, *https://www.federalreserve.gov/paymentsystems/files/psr_policy.pdf*. *See also* CPMI-IOSCO, *Principles for Financial Market Infrastructures* (April 2012), *https://www.bis.org/cpmi/publ/d101a.pdf*.

[39] Certain standards may require flexibility in the way they are applied to central bank–operated systems because of central banks' unique role in the financial markets and their public responsibilities. These principles include principle 2 on governance, principle 3 on the framework for the comprehensive management of risks, principle 4 on credit risk, principle 5 on collateral, principle 7 on liquidity risk, principle 13 on participant-default rules and procedures, principle 15 on general business risk, and principle 18 on access and participation requirements. *See* section I.B.1.a of the PSR policy.

[40] This requirement does not apply to the Fedwire Securities Service. There are no private-sector competitors to the Fedwire Securities Service that would be expected to meet such a requirement. Imposing such a requirement when pricing the securities services could artificially increase the cost of these services.

Effective tax rate. Like the imputed capital structure, the effective tax rate is calculated based on data from U.S. publicly traded firms. The tax rate is the mean of the weighted average rates of the U.S. publicly traded market over the past five years.

Debt and equity financing. The imputed short- and long-term debt financing rates are derived from the nonfinancial commercial paper rates from the Federal Reserve Board's H.15 Selected Interest Rates release (AA and A2/P2) and the annual Merrill Lynch Corporate & High Yield Index rate, respectively. The equity financing rate is described above. The rates for debt and equity financing are applied to the priced services' estimated imputed short-term debt, long-term debt, and equity needed to finance short- and long-term assets and meet equity requirements.

The 2027 PSAF is $35.3 million, compared with $34.1 million in 2026. The increase of $1.2 million is attributable to a $1.6 million increase in Board of Governors' expenses and an increase of $0.3 million in sales taxes, offset by a net decrease in the cost of capital (-$0.8 million). The net $1.2 increase is driven by an increase in Board of Governors' expenses, due to a fluctuation in staffing assumptions, and an increase in cost of debt that is offset by a reduction in imputed equity.

The PSAF expense of $35.3 million, detailed in table 20, includes $21.8 million for capital funding, $8.8 million for Board of Governors' expenses, and $4.7 million in sales tax expense.

As shown in table 18, 2027 total assets of $996.1 million increased by $4.1 million from the 2026 PSAF. The increase in total assets reflects a $4.6 million increase in long-term assets slightly offset by a $0.4 million decrease in short-term assets.

The net increase in long term assets is primarily driven by a $9.3 million increase in software and leasehold improvements, a $3.7 million increase in BOG assets, and a $2.0 million increase in deferred tax assets, offset by a $11.1 million decrease in pension assets and a $0.5 million decrease in bank premises. The pension asset decrease is primarily driven by a decrease in employer contributions for 2026 and 2027.

The capital structure of the 2027 pro forma balance sheet, provided in table 19, is composed of equity of $82.4 million, or 13.3 percent of the 2027 risk-weighted assets detailed in table 21, and long-term debt of $118.3 million. The 2027 capital structure aligns with that of 2026, which was composed of $91.5 million of equity and $135.1 million of long-term debt. As shown in table 20, the 2027 imputed equity required to fund assets and meet the publicly traded firm model capital requirements is $82.4 million. As long-term assets are marginally greater than long-term liabilities, long-term debt of $118.3 million was imputed at the observed market ratio of 58.9 percent. The equity imputed was adequate to meet the FDIC capital requirements for a well-capitalized institution and satisfy PSR policy requirements.

The net accumulated other comprehensive loss is $582.0 million, compared with $553.0 million in 2026. The $29.0 million increase is primarily attributable to changes in unrecognized gains for post-retirement. The net accumulated other comprehensive loss position does not reduce the total imputed equity required to fund priced services assets or fulfill the FDIC equity requirements for a well-capitalized institution.

Table 18 — Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Mature Priced Services [a]

[Millions of dollars—projected average for year]

	2027	2026	Change
Short-term assets:			
Receivables	$46.0	$46.3	($0.3)
Inventory	0.2	0.1	0.2
Prepaid expenses	49.6	39.9	9.7
Items in process of collection [41]	70.0	65.0	5.0
Total short-term assets	$165.9	$151.3	$14.6
Imputed investments: [42]			
Imputed investment in Treasury securities	$0.0	$0.0	$0.0
Imputed investment in Fed Funds	353.0	368.0	(15.0)
Total imputed investments	$353.0	$368.0	($15.0)
Long-term assets:			
Premises [43]	$111.4	$108.2	3.2
Furniture and equipment	58.8	57.6	1.2
Software and leasehold improvements	78.1	68.8	9.3
Net pension asset	95.6	106.8	(11.1)
Deferred tax asset	133.2	131.2	2.0
Total long-term assets	$477.2	$472.6	$4.6
Total assets	$996.1	$991.9	$4.1
Short-term liabilities:			
Deferred credit items	$423.0	$433.0	($10.0)
Short-term debt	61.2	9.0	52.2
Short-term payables	34.7	77.3	(42.6)
Total short-term liabilities	$518.9	$519.3	($0.4)

[41] Credit float, which is the difference between items in process of collection and deferred credit items, occurs when the Reserve Banks debit the paying bank for transactions before providing credit to the depositing bank. Float is directly estimated at the service level.

[42] Consistent with the PSR policy, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet. Six months of the Fedwire Funds Service's projected current operating expenses is $61.0 million. In 2027, imputed equity was sufficient to meet PSR policy requirements.

[43] Includes the allocation of Board of Governors assets to priced services of $10.9 million for 2027 and $7.2 million for 2026.

Table 18 — Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Mature Priced Services [a]

[Millions of dollars—projected average for year]

	2027	2026	Change
Long-term liabilities:			
Postemployment/postretirement benefits and net pension liabilities [44]	$276.5	$246.0	$30.5
Long term debt	118.3	135.1	(16.8)
Total liabilities	$913.7	$900.4	$13.3
Equity [45]	$82.4	$91.5	($9.1)
Total liabilities and equity	$996.1	$991.9	$4.1

[a] Calculations in this table and subsequent PSAF tables may be affected by rounding. Excludes amounts related to the FedNow Service.

[44] Includes the allocation of Board of Governors liabilities to priced services of $1.1 million for 2027 and $1.2 million for 2026.

[45] Includes an accumulated other comprehensive loss of $582.0 million for 2027 and $553.0 million for 2026, which reflects the ongoing amortization of the accumulated loss in accordance with ASC 715. Future gains or losses, and their effects on the pro forma balance sheet, cannot be projected. See table 20 for calculation of required imputed equity amount.

Table 19 — Imputed Funding for Mature Priced Services Assets [a] [Millions of dollars]		
	2027	**2026**
A. Short-term asset financing:		
Short-term assets to be financed:		
Receivables	$46.0	$46.3
Inventory	0.2	0.1
Prepaid expenses	49.6	39.9
Total short-term assets to be financed	$95.9	$86.3
Short-term payables	34.7	77.3
Net short-term assets to be financed	$61.2	$9.0
Imputed short-term debt financing [46]	$61.2	$9.0
B. Long-term asset financing:		
Long-term assets to be financed:		
Premises	$111.4	$108.2
Furniture and equipment	58.8	57.6
Software and leasehold improvements	78.1	68.8
Net pension asset	95.6	106.8
Deferred tax asset	133.2	131.2
Total long-term assets to be financed	$477.2	$472.6
Postemployment/postretirement benefits and net pension liabilities	276.5	246.0
Net long-term assets to be financed	$200.7	$226.6
Imputed long-term debt [29]	118.3	135.1
Imputed equity [29]	82.4	91.5
Total long-term financing*	$200.7	$226.6

[a] Excludes amounts related to the FedNow Service.

[46] Imputed short-term debt financing is computed as the difference between short-term assets and short-term liabilities. As presented in table 20, the financing costs of imputed short-term debt, imputed long-term debt and imputed equity are the elements of cost of capital, which contribute to the calculation of the PSAF.

Table 20 — Derivation of the PSAF for Mature Priced Services [a]

[Dollars in millions]

	2027		2026	
	Debt	**Equity**	**Debt**	**Equity**
A. Imputed long-term debt and equity:				
Net long-term assets to finance	$200.7	$200.7	$226.6	$226.6
Capital structure observed in market	58.9%	41.1%	59.6%	40.4%
Pre-adjusted long-term debt and equity	$118.3	$82.4	$135.1	$91.5
Equity adjustments: [47]				
Equity to meet capital requirements	-	$82.4	-	$91.5
Adjustment to debt and equity funding given capital requirements [48]	-	-	-	-
Adjusted equity balance	-	$82.4	-	$91.5
Equity to meet capital requirements [49]	-	-	-	-
Total imputed long-term debt and equity*	$118.3	$82.4	$135.1	$91.5
B. Cost of capital:				
Elements of capital costs:				
Short-term debt [50]	$61.2 x 3.9% = $2.4		$9.0 x 4.4%	= $0.4
Long-term debt [30]	$118.3 x 5.4% = $6.4		$135.1 x 4.9%	= $6.6
Equity [51]	$82.4 x 15.9% = $13.1		$91.5 x 17.1%	= $15.6
C. Incremental cost of PSR policy:	-			

[47] If minimum equity constraints are not met after imputing equity based on the capital structure observed in the market, additional equity is imputed to meet these constraints. The long-term funding need was met by imputing long-term debt and equity based on the capital structure observed in the market (see tables 19 and 21). In 2027, the amount of imputed equity met the minimum equity requirements for risk-weighted assets.

[48] Equity adjustment offsets are due to a shift of long-term debt funding to equity in order to meet FDIC capital requirements for well-capitalized institutions.

[49] Additional equity in excess of that needed to fund priced services assets is offset by an asset balance of imputed investments in Treasury securities.

[50] Imputed short-term debt and long-term debt are computed in table 19.

[51] The 2027 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2027 after-tax CAPM ROE is calculated as 3.87% + (1.0 * 9.15%) = 13.02%. Using a tax rate of 17.9%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (13.02%/(1-17.9%)) = 15.85%. Calculations may be affected by rounding.

Table 20 — Derivation of the PSAF for Mature Priced Services [a]

[Dollars in millions]

	2027		2026	
	Debt	**Equity**	**Debt**	**Equity**
Equity to meet policy*		$ - x 15.9% = -		$ - x 17.1% = -
D. Other required PSAF costs:				
Sales taxes		$4.7		$4.3
Board of Governors expenses		8.8		7.2
		$13.4		$11.5
E. Total PSAF:		$35.3		$34.1
As a percent of assets		3.5%		3.4%
As a percent of expenses		4.4%		3.8%
F. Tax rates		17.87%		19.54%

[a] Excludes amounts related to the FedNow Service.

Table 21 — Computation of 2027 Capital Adequacy for Federal Reserve Mature Priced Services [a]

[Dollars in millions]

	Assets	Risk weight	Weighted assets
Imputed investments:			
1-Year Treasury securities [52]	$ -	0.0	$ -
Federal funds [53]	353.0	0.2	70.6
Total imputed investments	353.0		70.6
Receivables	$46.0	0.2	$9.2
Inventory	0.2	1.0	0.2
Prepaid expenses	49.6	1.0	49.6
Items in process of collection	70.0	0.2	14.0
Premises	111.4	1.0	111.4
Furniture and equipment	58.8	1.0	58.8
Software and leasehold improvements	78.1	1.0	78.1
Pension asset	95.6	1.0	95.6
Deferred tax asset	133.2	1.0	133.2
Total	$996.1		$620.9
Imputed equity:			
Capital to risk-weighted assets	13.3%		
Capital to total assets	8.3%		

[a] Excludes amounts related to the FedNow Service.

[52] If minimum equity constraints are not met after imputing equity based on all other financial statement components, additional equity is imputed to meet these constraints. Additional equity imputed to meet minimum equity requirements is invested solely in Treasury securities. The imputed investments are similar to those for which rates are available on the Federal Reserve's H.15 statistical release, available at *https://www.federalreserve.gov/releases/h15/*.

[53] The investments are imputed based on the amounts arising from the collection of items before providing credit according to established availability schedules.