

February 6, 2026

**VIA ELECTRONIC SUBMISSION**

Benjamin W. McDonough  
Deputy Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

**RE: Request for Information and Comment on Reserve Bank Payment Account Prototype**

**I. Overview**

The Crypto Council for Innovation (“CCI”) appreciates the opportunity to respond to the Board of Governors of the Federal Reserve System’s (the “Board”) Request for Information and Comment on the Reserve Bank Payment Account Prototype (the “Payment Account RFI”). CCI is grateful for the Board’s thoughtful, forward-looking approach to supporting responsible payments innovation and expanding access to Federal Reserve Bank payment services. As the Board notes in its RFI, the payments landscape is evolving rapidly as new technologies and innovative business models emerge. These innovations stand poised to unlock benefits for American consumers, including lower transaction costs, expanded access to financial services, and increased customer choice. CCI commends the Board’s recognition of these shifts and its commitment to ensuring that Federal Reserve policies evolve in a manner that allows these benefits to be fully realized, consistent with appropriate financial stability and counter-illicit finance safeguards.

As background, CCI is a global alliance of leaders within the digital assets industry committed to promoting the advantages of digital assets while highlighting their potential for transformation. CCI’s members represent various sectors within the digital asset ecosystem and are united by the common objectives of advocating for the responsible global regulation of digital assets to unlock economic opportunities, promote financial inclusivity, safeguard national security, and counter illicit activities. CCI firmly believes that achieving these objectives necessitates well-informed, evidence-driven policy choices achieved through collaboration with regulators and policymakers.

With these goals in mind, CCI appreciates the Board seeking input on all aspects of the Payment Account RFI and the opportunity to provide our comments for consideration. Under the proposal, the Board would establish a special purpose Reserve Bank account prototype (“Payment Account”) tailored to the risks and needs of institutions focused on payments

innovation, and designed for the express purpose of enabling Payment Account holders to clear and settle the institution's payment activity. To mitigate risk, the Board proposes certain limitations and safeguards on Payment Accounts, including prohibiting access to the Federal Reserve's discount window, Reserve Bank intraday credit, and certain payment services. Because the Payment Account would be structured to pose limited risks to Federal Reserve Banks, the proposal contemplates a streamlined review process for approving Payment Account requests relative to master account applications by comparable institutions.

CCI believes the Payment Account RFI offers a constructive and pragmatic step toward modernizing Federal Reserve payment services in a responsible and balanced manner. By moving away from the current all-or-nothing model for Federal Reserve Bank access, the proposed Payment Account would allow a broader universe of legally-eligible institutions, including those focused precisely on payments innovation, to directly access critical payment services. By reducing dependencies on intermediary sponsor banks, the proposal also stands to decrease concentration risk and lower intermediary-related costs. Expanded access to Federal Reserve payment services will spur innovation by reducing costs for banking institutions and their customers, allowing these funds to be repurposed for building new products, expanding into new markets, and hiring new workers.

CCI respectfully offers targeted refinements to the Payment Account RFI to ensure the proposal meaningfully reduces barriers to innovation and does not impose overly burdensome restrictions that risk undermining the goal of expanding access to legally eligible institutions. For example, CCI encourages the Board to expand payment services available to Payment Account holders, adjust overnight deposit limits to account for an institution's size and demonstrated payment processing volume, allow for at least minimal interest to be paid on overnight deposits, and affirm the streamlined review process of 90 days. These improvements would reduce barriers to entry, while remaining consistent with tailoring Payment Accounts to the risks and needs of institutions focused on payments innovation. CCI also recommends that the Board address illicit finance concerns by leveraging existing regulatory frameworks; applying clear, objective anti-money laundering ("AML") and counter-financing of terrorism ("CFT") criteria to the Payment Account application review process; and providing ongoing monitoring to ensure continued compliance.

## **II. Payment Account Access Would Promote Innovation**

### **a. The Status Quo Unduly Restricts Access**

The Board's authority to allow certain banks to access master accounts derives from the Federal Reserve Act, which authorizes any Federal Reserve Bank to accept deposits from a member bank

or other depository institutions.<sup>1</sup> The Federal Reserve Act defines a depository institution to include, among other institutions, insured banks, mutual savings banks, and insured credit unions.<sup>2</sup>

In August 2022, the Board adopted Account Access Guidelines (the “Guidelines”). Under the Guidelines, Federal Reserve Banks evaluate whether to grant an institution’s request for a master account based on a risk-tiered framework, considering an institution’s legal eligibility, supervisory status, and the potential financial, operational, and compliance risks associated with granting access.<sup>3</sup> Uninsured depository institutions without a parent company subject to Federal Reserve supervision are generally subject to the strictest level of scrutiny and a prolonged review process.<sup>4</sup> In practice, this framework has prevented a broad range of institutions from obtaining a master account—even where they are legally eligible under the Federal Reserve Act itself. As a result, institutions that Congress has deemed eligible may be functionally unable to obtain master account access due to policy-based judgements by Reserve Banks applying the Guidelines and an indefinite review process, particularly in the case of uninsured or innovation-forward charters.<sup>5</sup> Master account access is important because it unlocks access to the Federal Reserve’s payment system, allowing an institution to clear and settle transactions directly in central bank money. Without such access, legally eligible institutions must rely on sponsor banks to route their payment activity, increasing costs, operational complexity, and concentration risk within a limited subset of sector-specific master account holders.

Importantly, this framework currently functions as an “all or nothing” system. Applicants either are approved and receive access to a master account and all its accompanying services, or they are denied access altogether. As Governor Waller has publicly expressed, many institutions may not need, or want, all of the services of a traditional master account.<sup>6</sup> For example, an institution

<sup>1</sup> See Federal Reserve Act § 13 (“Any Federal Reserve Bank *may* receive [deposits] from any of its member banks, or other depository institutions”).

<sup>2</sup> See Federal Reserve Act § 19(b) (defining “depository institution”); see also Randall D. Guynn et al., “Davis Polk Discusses Who Can Have a Federal Reserve Master Account,” The CLS Blue Sky Blog (Columbia Law School), May 12, 2021, available at [https://clsbluesky.law.columbia.edu/2021/05/12/davis-polk-discusses-who-can-have-a-federal-reserve-master-account/#\\_ftn2](https://clsbluesky.law.columbia.edu/2021/05/12/davis-polk-discusses-who-can-have-a-federal-reserve-master-account/#_ftn2).

<sup>3</sup> 87 Fed. Reg. 51,099 (Aug. 19, 2022).

<sup>4</sup> New Fed Guidelines Clarify, But Do Not Transform, Master Account and Payment Services Access, Orrick (Aug. 22, 2022), available at

<https://www.orrick.com/en/Insights/2022/08/New-Fed-Guidelines-Clarify-But-Do-Not-Transform-Master-Account-and-Payment-Services-Access>.

<sup>5</sup> See, e.g., Complaint, *Custodia Bank, Inc. v. Federal Reserve Board of Governors*, No. 1:22-cv-00125-SWS (D. Wyo. June 7, 2022) (alleging that Custodia, a Wyoming-chartered depository institution that the Kansas City Fed confirmed met the legal eligibility requirements for receiving a master account, nonetheless faced more than 19 months of delay without a decision on its completed master account application, during which it remained unable to obtain direct access to Federal Reserve services). Custodia has still not received access to Federal Reserve payment services and continues to challenge the denial of its master account application before the Tenth Circuit.

<sup>6</sup> Christopher J. Waller, Member, Board of Governors of the Federal Reserve System, “Embracing New Technologies and Players in Payments,” remarks at the Payments Innovation Conference, Federal Reserve Board, Washington, D.C. (Oct. 21, 2025), <https://www.federalreserve.gov/newsevents/speech/files/waller20251021a.pdf>.

whose primary business is providing payment services may not require more risk-sensitive master account services like discount window access or full daylight overdraft privileges, but would materially benefit from direct access to Fed payment rails (such as Fedwire, FedNow, or FedACH) to clear and settle transactions more efficiently.

**b. Payment Accounts Would Promote Innovation by Expanding Access to Key Services in a Responsible Manner**

The Board’s proposal to establish a Payment Account would meaningfully support payment innovation by expanding direct access to core Federal Reserve payment services for a broader range of legally eligible institutions, including those specifically focused on payments innovation.<sup>7</sup> By enabling these firms to open a Payment Account, the RFI offers a balanced, risk-tailored pathway that strengthens competition, reduces dependence on sponsor banks, and enhances the speed, reliability, and efficiency of a holder’s transactions.

As noted above, the existing all-or-nothing approach to master account access is significantly limiting the number of legally eligible institutions that can connect directly to the Federal Reserve’s payment infrastructure. As a result, many innovative companies must choose from and rely on a limited set of banks for their clearing and settlement needs. In turn, this concentrates counterparty, operational, financial, and regulatory risk, while also limiting competition and potentially constraining payments settlement. The Payment Account would meaningfully reduce these risks and increase customer choice by allowing a broader universe of legally eligible institutions to access key Federal Reserve payment services directly. Further, within this limited range of options, many emerging companies must establish and maintain relationships with multiple bank partners to access Federal Reserve services indirectly. This fragmented framework forces these companies to negotiate, develop, and maintain distinct legal agreements, operational policies, and technical integrations with each partner, with the resulting additional partnership fees, transaction costs, and operational overhead ultimately passed on to consumers.

Moreover, each company that relies on a sponsor bank is exposed to risks generated by every other company relying on that same bank. For example, when a large client of a bank experiences unexpectedly high payment volumes or liquidity demands, it may temporarily constrain the bank’s available settlement capacity, severely constraining smaller entities’ and startups’ ability to process payments for reasons entirely outside of their control. As a result, many companies relying on a sponsor bank for access to Federal Reserve payment services must navigate continual uncertainty regarding their banking relationship, even when their own operations remain sound.

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<sup>7</sup> See Payment Account RFI overview, noting the Payment Account would be “tailored to the risks and needs of institutions focused on payments innovation.”

Expanding direct access to Federal Reserve payment services would address many of the above frictions while preserving strong risk controls. For emerging companies in particular, these efficiencies translate into concrete benefits for innovation. Resources that would otherwise be spent managing multi-bank relationships, absorbing higher fees, or reacting to sponsor-bank actions driven by unrelated clients can instead be redirected toward developing new products, improving customer experience, and hiring more workers.

### **III. Recommendations for Payment Account Design**

As a general matter, CCI supports the Board's proposed approach of ensuring a greater number of legally eligible institutions may access Federal Reserve payment services, while tailoring additional features and conditions to mitigate potential risks. To ensure the right balance is struck between innovation and risk-mitigation, CCI respectfully recommends the following refinements and considerations to the Payment Account design described in the Payment Account RFI.

**Access to Federal Reserve Bank Payment Services:** As the Board emphasizes throughout the Payment Account RFI, access to Federal Reserve Bank payment services is the central feature of the Payment Account. As currently proposed, an institution could request to settle transactions using the following services in a Payment Account: Fedwire Funds Service; National Settlement Service; FedNow Service; and The Fedwire Securities for Free Transfers only. However, a Payment Account holder would be explicitly barred from accessing: FedACH Services, Check Services, FedCash, and the Fedwire Securities Service for Transfer Against Payment. According to the proposal, Payment Account holders would not be able to access these services because they do not provide automated solutions that can reject transactions that would cause daylight overdrafts, which Payment Account holders are prohibited from incurring under the proposal.

CCI respectfully requests that the Federal Reserve consider allowing institutions to access FedACH Services, particularly to the extent automated solutions or other measures may be implemented to address concerns relating to daylight overdrafts. FedACH services play an essential role in the payments ecosystem as the primary channel for recurring, high-volume transactions such as payroll, bill payments, and government disbursements. Access to FedACH services is therefore key to enabling more institutions to offer core, routine payment services without relying on intermediary banks, and would further support access to efficient, low-cost payment processing for businesses and consumers alike. CCI therefore encourages the Board to explore developing the necessary automation and risk-management controls in FedACH and related services so that technical limitations do not become the primary obstacle to a more efficient and resilient settlement system.

**Overnight Deposit Limits:** The Payment Account RFI proposes setting the overnight balance limit for a Payment Account holder at the *lesser* of \$500 million or 10 percent of the Payment

Account holder's total assets. As the Board notes, this limit is intended to ensure that Payment Accounts are used principally to facilitate payment settlement activity, rather than to serve as general-purpose deposit accounts. CCI urges the Board to avoid adopting a fixed-dollar threshold as the basis for an overnight cap because it would apply unevenly across institutions of different sizes and operational scales. For larger institutions, an overnight cap set at the lesser of \$500 million or 10 percent of total assets may be insufficient to support routine settlement activity and discourage them from seeking a Payment Account altogether.

Instead, CCI recommends that the Board raise the overnight deposit limit and allow it to scale based on demonstrated volume of payments processed and institution size. This approach would better align overnight limits with underlying risk and avoid arbitrary size constraints. It would also appropriately size each account to reflect the holder's payment settlement needs, preserving the Payment Account's intended purpose as a payments-focused facility.

Further, as written, Federal Reserve Banks would retain authority to adjust overnight balance limits on a case-by-case basis. This discretion risks undercutting transparency and uniform application of balance thresholds. By setting out transparent criteria based on measures such as payment volumes and institution size, the Board can maintain necessary flexibility while fostering predictability and consistent application by Reserve Banks.

**Interest on Overnight Balances:** Under the current proposal, a Payment Account would not be eligible to receive interest on its overnight balance. CCI appreciates that this design feature is intended to encourage a Payment Account holder to limit their overnight balances and only use their Payment Account for payment activity. However, the absolute prohibition on interest would likely deter at least some firms from seeking a Payment Account. CCI thus encourages the Board to consider allowing at least minimum interest on overnight balances to make Payment Accounts more economically feasible and attractive, particularly to smaller institutions who must weigh the benefits alongside the operational costs of opening and retaining a Payment Account. This approach will ensure more legally eligible institutions are able to take advantage of the Payment Account, and could be structured in tandem with deposit limits to address the Board's risk-related concerns.

**Review Process:** CCI appreciates the Board's recognition that, given a Payment Account's lower risk profile, a request for a Payment Account would generally receive more streamlined review relative to a request for a master account from a comparable institution. More specifically, the Payment Account RFI states that the Board expects review of a Payment Account to be completed within 90 days of receiving all documentation requested by the Reserve Bank. CCI encourages the Board to affirm this streamlined review process and ensure mechanisms are in place to avoid undue delays in application processing across Federal Reserve Banks.

In addition, the Board should clarify that an application for a Payment Account will not impede, supplant, or adversely affect the timing or outcome of an institution's separate master account application. This clarification would help ensure that a legally eligible institution contemplating a future master account is not discouraged from seeking and utilizing Payment Account services as an interim step before applying for, or while awaiting, master account approval.

**Clarity Regarding Additional Restrictions and Risk Controls:** While the Board offers descriptions of restrictions and risk controls that would apply to a Payment Account throughout the RFI, it also notes that "Reserve Banks would retain their discretion to impose additional restrictions and risk controls on a Payment Account on a case-by-case basis."<sup>8</sup> While CCI recognizes that some flexibility may be warranted, the Board should, to the maximum extent possible, provide clear, transparent guidelines regarding restrictions and risk controls. Taking a proactive approach will foster predictability, reduce uncertainty in the application process, and ensure consistent treatment across institution type and application by Federal Reserve Banks.

#### **IV. Countering Illicit Finance Risks**

The Board can effectively condition Payment Account access on acceptable AML/CFT compliance while avoiding duplicative requirements by leveraging existing regulatory frameworks. Payment-focused institutions seeking Payment Accounts already operate under comprehensive AML/CFT obligations under the Bank Secrecy Act enforced by state regulators, FinCEN, and in some cases the CFPB. Rather than creating parallel compliance requirements, the Federal Reserve should establish formal information-sharing arrangements with state financial regulators to access examination findings and ongoing supervisory assessments. Such arrangements could take the form of memoranda of understanding, standardized reporting protocols, or incorporation into existing state-federal supervisory coordination frameworks. This approach would enable the Federal Reserve to assess applicants' compliance programs without imposing redundant examinations that would increase costs and delay access for well-regulated entities.

To constrain AML/CFT risks, the Board should apply clear, objective criteria during the Payment Account application review. Applicants should demonstrate: (1) maintenance of active licenses in good standing with no significant BSA-related enforcement actions (such as those arising from violations of law or matters requiring immediate attention) within the preceding three years, unless the institutions have satisfactorily resolved the regulatory findings; (2) effective BSA/AML/CFT compliance programs validated through recent examinations or independent audits; (3) robust operational controls including information security programs meeting industry standards; (4) appropriate governance structures with qualified compliance personnel; and (5) a meaningful operational track record demonstrating transaction volume and compliance maturity.

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<sup>8</sup> Payment Account RFI § III.A.a.

These criteria align with existing regulatory expectations while providing Reserve Banks with concrete benchmarks for evaluating risk during the proposed streamlined 90-day review process.

By bringing more institutions under the supervision of the Fed and federally supervised bank counterparties, Payment Accounts over time will serve to incentivize stronger compliance and reduce sectoral illicit finance risk. The Board can strengthen structural safeguards with ongoing monitoring requirements, such as periodic attestations of continued compliance with AML/CFT obligations, notification requirements for material enforcement actions or license revocations, and consent to information sharing between the Reserve Banks and the account holder's primary regulator. This layered approach balances the need for robust risk management with the objective of providing efficient, non-duplicative access to payment infrastructure for appropriately regulated institutions.

### **V. Conclusion**

In closing, CCI applauds the Board for advancing the Payment Account RFI and sincerely appreciates the opportunity to comment on this important matter. The Payment Account prototype offers an important opportunity to modernize the nation's payment infrastructure in a way that promotes innovation, competition, and financial inclusion while maintaining strong safeguards for financial stability and illicit finance. With the targeted refinements outlined above, this proposal can further strengthen the U.S. payments system and cement U.S. leadership in innovation. CCI looks forward to continued collaboration with the Board as it advances this important work to help shape a framework that supports innovation, protects American consumers, and strengthens the overall financial system.

Respectfully,



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