

Issue Update

The Federal Reserve Banks operate payment services, which serve as a backbone of payment system stability, instill confidence in economic transactions, and facilitate the nation's commerce. Congress has enacted laws that seek to ensure the integrity of the payment system by providing for the supervision of banks as payment intermediaries and of banks' affiliates as users of bank payment services that present unique risks. Payments companies that are not insured depositories are attempting to obtain direct access to the Federal Reserve Banks' payment services. With direct access, these organizations would introduce risk to the payments system because they are not subject to the full federal supervision and regulation that generally apply to insured depository institutions.

Of note, several states have developed special purpose depository charters, and the OCC is receiving and granting applications from nontraditional entities for national trust bank charters. In many cases, the entities pursuing these charters are interested in obtaining master accounts and direct access to the Federal Reserve Banks' payment systems. The Board of Governors recognized the risks associated with these novel charters and implemented a uniform policy for Federal Reserve Banks to evaluate entities seeking direct access to the payment system in 2022.

In December 2025, the Board of Governors issued a Request for Information (RFI) on a new type of payments account that would grant limited access to the federal payment system. The RFI proposed an account offering access to the Federal Reserve Banks' payments systems but not discount window access, interest on reserve deposits, or daylight overdrafts. It would also prohibit account holders from accessing ACH and checking services because they may lead to overdraft situations that would be prohibited. The RFI is addressing concerns that although these OCC Trust entities and state-chartered banks may be technically eligible for full master account access, their risk profile suggests more limited access to the payment system is appropriate. The Board is expected to propose guidelines for this new account for public comment with a final version of the limited account expected before the end of this year. In the interim, in early March, the Federal Reserve Bank of Kansas City approved a request for a limited purpose account for an initial term of one year from Kraken Financial, a WY-based special purpose depository.

Why It Matters

A safe and efficient payment system permits consumers, businesses, and banks to make payments with the confidence that those transactions are conducted with financially responsible intermediaries that comply with applicable legal requirements, including anti-money laundering and sanctions requirements.

Entities chartered via special purpose charters at the state level or as national trust banks at the OCC are typically not subject to consolidated supervision, do not have FDIC oversight, do not fit the definition of “bank” under the Bank Holding Company Act, and may create new opportunities for fraud or money laundering. The RFI issued by the Board of Governors is an attempt to mitigate the risk to the payment system and its participants if these lesser regulated entities are granted access. In its response, ABA recommended that all those limitations remain, and additional guardrails such as mandatory federal banking agency supervision for BSA/AML/CFT matters.

Recommended Action Items

The Board and Federal Reserve Banks should protect consumers, financial institutions, and the payment system itself by:

- Establishing a coordinated, cross Reserve System evaluation committee, with Board input, to review all payment access applications to eliminate the potential for bias across Reserve Banks;
- Requiring that, at a minimum, applicants meet the prudential standards required of federally insured or supervised financial institutions; and
- Mandating ongoing federal banking agency supervision of entities granted limited payment accounts included in ABA’s comment letter dated February 6, 2026.