

April 22, 2022

*Via Email Submission*

Ann Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

**Re: Comments Regarding the Proposed Guidelines for Evaluating Account and Services Requests – Docket No. OP-1747**

Dear Ms. Misback:

On behalf of the Electronic Transactions Association (“ETA”), we appreciate the opportunity to share our thoughts on the Board of Governors of the Federal Reserve System (“Fed”) notice and request for comment on updates to its proposed guidelines to evaluate requests for accounts and services at Federal Reserve Banks.

ETA members support the Fed’s key policy goals with respect to ensuring the safety and soundness of the financial system, financial stability, monetary policy, consumer protection, and promoting a safe, efficient, inclusive, and innovative payment system.

Over the recent years, ETA members have been leveraging technology to develop and deploy new financial products and services which facilitate consumer access to a broader array of financial products and services. In evaluating its proposed guidelines for accounts and services, ETA recommends that the Fed: supports continued innovation by granting such accounts and tailor regulations to the risk of each specific entity and consider potential harm to consumers as well as safety, soundness, and financial stability risks in the ecosystem.<sup>1</sup>

**Who We Are**

ETA is the world’s leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing more than \$21 trillion in purchases worldwide and deploying payments innovation to merchants and consumers.

**ETA’s Comments on Proposed Guidelines**

Over the past several years the Fed has acknowledged the digitalization of finance which has increased the efficiency, productivity, and inclusiveness of the financial sector, allowing more Americans to conduct commerce with safe, responsible, convenient, and rewarding solutions.

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<sup>1</sup> See [ETA’s 7 Guiding Principles on CBDC](#)



Innovation in technology, deployed and developed by ETA members – both traditional financial institutions and fintechs – have led the way, helping more consumers than ever before.

ETA is supportive of the Fed’s tiered review framework and principles to be used in evaluating requests for master accounts and access. In line with the Fed’s beliefs, ETA agrees that any regulations should be tailored to the activities and risks that the entities pose, including those who are currently not regulated by the Fed. Entities accessing the system should be subject to regulatory standards and oversight/supervision in order to protect consumers, including meaningful consumer consent requirements. In the Proposed Rule, the Fed outlines an approach to whether the institution is “legally eligible” to obtain an account, and therefore only available to depository institutions that are either insured by the Federal Deposit Insurance Corporation (“FDIC”) or eligible to make an application to become insured by the FDIC. ETA believes the Fed could go further in creating a path forward to access for companies with innovation payment solutions, as such activities are inherently different from deposit-taking and lending activities. Additionally, we encourage the Fed to state what is appropriate with respect to account usage, and whether the Fed would presume an institution would invest in reserves just because an institution is permitted to do under its charter, and how to rebut that presumption.

Entities that the Fed grants master accounts should be subject to the standards of operational and financial resiliency that mitigates the risks they pose to the ecosystem. Further, the Fed should assess the entities activities and services with applicable laws and regulations, such as Article 4A of the Uniform Commercial Code, the Fed’s Regulation E, and the Electronic Fund Transfer Act. The Fed should also consider whether the entity would impede compliance by the institution's customers with Bank Secrecy Act and anti-money-laundering requirements or regulations, or consumer protection laws and regulations.

ETA agrees with standard eligibility requirements to ensure that only legitimate, well-governed, and capable enterprises access the system in principle. Additionally, access and functionality should be tailored to an individual entity’s risk management and operational capabilities. If entities cannot meet appropriate standards, they should be excluded from accessing a Fed’s master account.

Furthermore, the Fed should provide on-going oversight to ensure risk profiles have not changed materially, and risk management structures and operational capabilities remain adequate. On-going oversight should be achieved through periodic examination, audit, and certification. Entities that cannot maintain appropriate standards should face an escalating series of consequences that may culminate in exclusion from a Fed’s master account.

A principles-based approach is a positive step forward and allows for necessary flexibility; we're encouraged to see the Fed established a framework in their proposed final rule that provides the parameters necessary to help entities determine whether they will be granted access if they have acceptable risk oversight. Lastly, as the Fed establishes their thoughtful framework to provide master accounts and services, ETA would ask the Fed to grant or deny an access request by an entity in an appropriate amount of time. If an entity is denied, ETA urges the Fed to provide justification and the ability to reapply when deemed suitable to that particular institution.

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ETA appreciates the opportunity to provide input on this important issue. If you have any questions, please contact me or ETA's Senior Vice President of Government Affairs, Scott Talbott at [stalbott@electran.org](mailto:stalbott@electran.org).

Sincerely,



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