

Statement for the Record
On Behalf of the
American Bankers Association
before the
House Financial Services Committee
June 24, 2026



Statement for the Record
On Behalf of the
American Bankers Association
before the
House Financial Services Committee
June 24, 2026

The American Bankers Association (ABA) appreciates the opportunity to submit this Statement for the Record for the hearing entitled “*The Future of Payments: Promoting Innovation and Fair Markets.*” American Bankers Association is the voice of the nation’s \$26.1 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard \$20.5 trillion in deposits and extend \$13.7 trillion in loans.

The U.S. payments system is among the most innovative, efficient, and resilient in the world. Consumers and businesses today benefit from a wide range of payment options, including instant payments, digital wallets, card networks, and emerging tokenized forms of money, many of which have been developed and deployed by banks operating within a strong regulatory framework. Banks are actively modernizing payments infrastructure, connecting to real-time fiat rails, investing in distributed ledger technologies, and exploring new models such as tokenized deposits and other digital assets, all while maintaining robust risk management, consumer protection, and compliance standards.

ABA and our members support continued innovation in payments. At the same time, we believe that efforts to expand access to payment system infrastructure and create new chartering pathways must reinforce the core strengths of the U.S. financial system – its safety, soundness, and trust – rather than weaken them.

As policymakers consider legislation and regulatory proposals related to payment system access, including new chartering models and Federal Reserve account access, ABA offers the following principles:

Access to the Payments System Must Be Paired with Robust Supervision

The strength of the U.S. payments system is grounded in a clear alignment between access and accountability. Banks that have direct access to core payment infrastructure, such as Federal Reserve master accounts and payment rails, operate under well-established prudential supervision, capital and liquidity requirements, and enforcement mechanisms.

Innovation under the existing supervisory regime is possible and banks have proven it. Bank-led payment innovations—including Zelle®, the Federal Reserve’s FedNow® Service, and The Clearing House’s Real-Time Payments (RTP®) network—represent a powerful evolution in the U.S. payments ecosystem. These platforms demonstrate that banks, operating within a robust regulatory and supervisory framework, are uniquely positioned to deliver fast, secure, and broadly accessible digital payment solutions. As Congress considers the future of payments

policy, continued support for bank-centric innovation will be critical to ensuring financial stability, consumer protection, and global competitiveness.

FedNow and RTP enable real-time payments, significantly reducing settlement times compared to legacy systems. Zelle provides immediate credit to payment recipients with a later settlement. Importantly, these services are built on bank infrastructure that is already subject to comprehensive regulatory oversight, including requirements related to cybersecurity, Bank Secrecy Act/anti-money laundering compliance, and consumer protection. This ensures that innovation does not come at the expense of safety and soundness.

Unlike unregulated or lightly regulated nonbank alternatives, bank-operated networks embed fraud monitoring, dispute resolution processes, and compliance controls directly into their design. The result is a payments ecosystem where speed and safety are complementary—not competing—objectives. Congress should recognize that bank-centric systems provide a trusted foundation for innovation, minimizing systemic risk while enhancing functionality.

Bank-operated real-time payment networks foster healthy competition within a transparent and regulated environment. The coexistence of FedNow and RTP, alongside bank-enabled solutions like Zelle, encourages innovation while maintaining interoperability and resilience. This multi-rail system avoids single points of failure and promotes continuous improvement in service offerings.

Supporting bank-centric models ensures that core payment functions remain anchored in institutions that are accountable to regulators and policymakers, preserving market integrity and protecting consumers.

Proposals that would allow nonbanks to access payment infrastructure without equivalent oversight risk undermining this foundation. Granting direct access to the Federal Reserve's payment system outside of a framework that includes federal supervision and deposit insurance would introduce unnecessary risk and weaken the current model that has supported a safe and stable financial system.

Avoid “A La Carte” Banking and Regulatory Arbitrage

A common issue emerging across a range of policy proposals purporting to support innovation is the risk of unbundling banking activities. Traditional banks typically perform three key services for their consumer and business customers – deposit taking, lending, and payments. In many ways, the business of banking and resulting economic model relies on banks performing these three services in tandem, and the regulatory obligations applied to banks also reflect these activities.

Some proposals would allow firms to selectively access key elements of the banking system, such as payment rails, without assuming the full set of obligations that accompany those benefits. This dynamic creates regulatory arbitrage opportunities and weakens incentives to operate within the regulated banking system.

For example, ABA has raised concerns that proposals such as the PACE Act would grant nonbanks direct access to Federal Reserve payment services without requiring full bank

regulation, thereby reducing the value of the bank charter and creating competitive and systemic imbalances. Similarly, recent trust charter applications have raised important questions about whether certain business models are simply using that charter as an entry point to the payment system.

Policymakers should ensure that the U.S. financial system does not evolve into a fragmented structure in which firms assemble banking privileges piece-by-piece without adhering to consistent regulatory standards.

Maintain Federal Reserve Discretion and Risk-Based Review for Accounts and Access

The U.S. payments system is critical infrastructure. Expanding payment system access to entities that are lightly supervised or operate under evolving regulatory frameworks can introduce operational and cybersecurity risk; liquidity and settlement risk; and potential contagion effects in times of stress. Legal eligibility alone should not determine access to Federal Reserve master accounts and payment system infrastructure. Account and access decisions should be based on the Federal Reserve's review and determination as to whether an institution can demonstrate the capacity to manage risk effectively.

Institutions that are both federally supervised and federally insured operate under the most comprehensive prudential and supervisory frameworks and are therefore best positioned to manage the risks associated with direct participation in the payments system. For newer or evolving business models, a graduated, risk-based approach is essential. The Board of Governors is reviewing its policies and procedures regarding granting limited access to payment accounts based on the risk profile of the applicant. The Board is empowered to protect the payment system and all of its participants from undue risk and its careful judgment and analysis should not be unduly ignored. Policymakers and regulators should proceed deliberately, allowing access to expand only as institutions demonstrate the ability to operate safely.

Proceed Cautiously with New Access and Charter Models

The financial system is currently undergoing significant innovation, particularly in areas such as digital assets and new payment technologies. At the same time, regulatory frameworks for many of these activities remain incomplete or under development.

Policymakers should proceed cautiously in creating or approving new charter types or novel applications until the applicable regulatory, supervisory, and resolution frameworks are clearly defined. Trust charter applications, in particular, raise questions about whether existing statutory authorities are being interpreted in ways that extend beyond traditional fiduciary activities, potentially representing a material shift in policy that should be subject to public review and transparency.

More limited access models, such as the Federal Reserve's proposed "Payment Account" framework, may provide a pathway for broader participation, but only if those models remain narrowly tailored to Fed services for which the Reserve Banks can automatically reject transactions that would cause an overdraft, clearly distinct from master accounts, and subject to robust safeguards. Even limited access arrangements must be carefully designed to avoid

unintended systemic consequences. Policymakers should ensure that the regulatory perimeter is clearly defined before expanding access to banking authorities or infrastructure.

Conclusion

ABA strongly supports continued innovation in payments. Banks are already leading in this area – developing new payment technologies, modernizing infrastructure, and exploring emerging digital asset use cases. The policy objective should not be to restrict innovation, but to ensure that innovation occurs within a consistent and well-defined regulatory framework that protects consumers, maintains financial stability, and preserves confidence in the U.S. economy.

A fragmented approach, where firms gain access to certain payment infrastructure or banking privileges through a patchwork of charters, account types, or regulatory gaps, would introduce risk and weaken the coherence of the existing framework. Instead, Congress and regulators should pursue a consistent, principle-based approach that ensures:

- Payment system access is aligned with regulatory responsibility
- Chartering frameworks are transparent and avoid introducing opportunities for regulatory arbitrage
- Supervisory oversight remains robust and effective
- By doing so, policymakers can promote innovation while preserving the safety, soundness, and global leadership of the U.S. payments system.

ABA respectfully thanks the Committee for convening this important hearing and for providing the opportunity to submit this Statement for the Record.