116TH CONGRESS
1ST SESSION
H. R. 3928

To require the Board of Governors of the Federal Reserve to satisfy certain
requirements before providing any new payment service, or substantially
changing or expanding any existing payment service, and for other pur-
poses.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2019

Mr. RIGGLEMAN introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To require the Board of Governors of the Federal Reserve
to satisfy certain requirements before providing any new
payment service, or substantially changing or expanding
any existing payment service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Federal Reserve Ac-

5 countability and Justification Act".

6 **SEC. 2. PAYMENT SERVICES.**

7 Section 11A of the Federal Reserve Act (12 U.S.C.

8 248a) is amended by adding at the end the following:

1 ''(f) PAYMENT SERVICE.—

2   ''(1) IN GENERAL.—The Board may not provide

3 any new payment service, or substantially change or

4 expand any existing payment service unless the

5 Board determines that—

6   ''(A) any costs associated with such service

7   will be recovered;

8   ''(B) providing such service will yield a

9   clear public benefit, such as promoting the in-

10   tegrity of the payments system, improving the

11   effectiveness of financial markets, reducing the

12   risk associated with payments and securities-

13   transfer services, or improving the efficiency of

14   the payments system;

15   ''(C) no other providers can be expected to

16   provide such service with reasonable effective-

17   ness, scope, and equity; and

18   ''(D) other providers are able to compete

19   with the Federal Reserve Banks in offering

20   such service, based on a competitive impact

21   study.

22   ''(2) REASONABLE EFFECTIVENESS, SCOPE,

23 AND EQUITY.—

24   ''(A) IN GENERAL.—For the purposes of

25   paragraph 1(A), the Board shall determine that

1   other providers can be expected to provide such

2   service with reasonable effectiveness, scope, and

3   equity if the Board has found that other pro-

4   viders—

5   "(i) offer a service that substantially

6   performs the material functions of such

7   service that the Board would provide and

8   offer the service to member and non-

9   member depository institutions on non-

10   discriminatory terms, regardless of the size

11   of the institution; or

12   "(ii) are capable within a reasonable

13   time of offering a service that substantially

14   performs the material functions of such

15   service that the Board would provide and

16   of offering the service to member and non-

17   member depository institutions on non-

18   discriminatory terms, regardless of the size

19   of the institution.

20   "(B) CENTRAL BANK MONEY.—The ability

21   of the Board to settle interbank obligations

22   using balances at the central bank (also re-

23   ferred to as central bank money) shall not alone

24   be sufficient to support a determination by the

25   Board that other providers alone cannot be ex-

1   pected to provide such service with reasonable

2   effectiveness, scope, and equity.

3   "(3) EXCEPTION.—The service offered by the

4   Board known as the 'Federal Funds Wire Service' is

5   not subject to the requirements of this subsection.

6   "(4) FINAL RULE.—The Board shall publish in

7   the Federal Register, in accordance with section 553

8   of title 5 of the United States Code, a final rule that

9   states any determination made pursuant to para-

10   graph (1) and explains the basis for such determina-

11   tion.

12   "(5) JUDICIAL REVIEW.—

13   "(A) IN GENERAL.—Any person adversely

14   affected or aggrieved by a failure of the Board

15   to properly make a determination under this

16   subsection before providing a new payment

17   service or substantially changing or expanding

18   an existing payment service is entitled to judi-

19   cial review thereof.

20   "(B) DEFERENCE.—A court may not give

21   deference to the Board when conducting a re-

22   view under this paragraph.".

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