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## **DIGITAL ASSETS**

**Beyond Banks: What Trump's Executive  
Order Means for Stablecoins' Access  
to Fed's Master Accounts**

**By**

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*Beyond Banks: What Trump’s Executive Order Means for Federal Reserve Access*

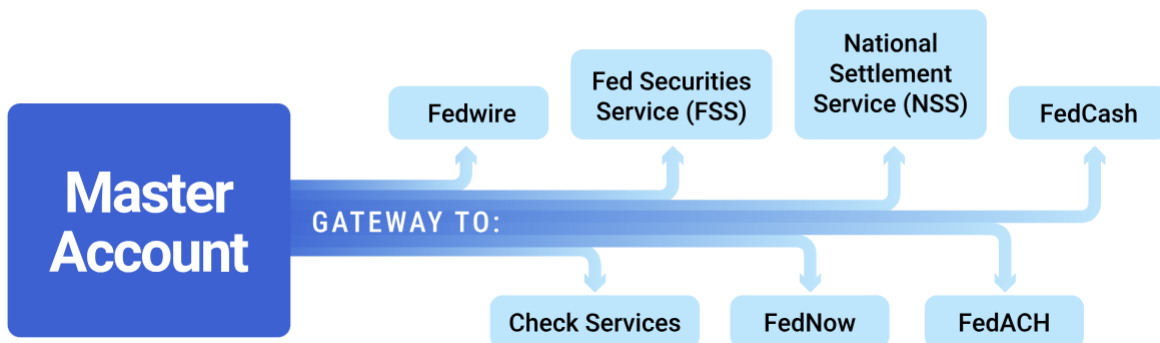
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**Executive Summary**

- ✦ President Trump’s May 2026 Executive Order directs the Federal Reserve to review whether fintech firms, stablecoins issuers, and other non-bank firms should gain broader access to core payment infrastructure traditionally reserved for banks.
- ✦ Federal Reserve master accounts provide direct access to payment systems, settlement in central bank money, lower costs, reduced reliance on intermediary banks, and greater operational efficiency.
- ✦ The rise of fintechs and stablecoins is challenging the traditional bank-centric financial model, as these firms increasingly perform payment and settlement functions historically carried out by banks.
- ✦ Expanding access to Federal Reserve infrastructure could boost innovation, competition, and the integration of digital finance into the mainstream financial system.
- ✦ The Executive Order signals a potential shift toward a more diverse financial ecosystem, while highlighting the need for appropriate regulatory safeguards to maintain financial stability and trust.

**Key Picture: How The Fed’s Master Account Works**

**Master Accounts Are a Gateway to Fed Services**



Source: [St. Louis Fed](#)

Feature	Master Account	Payment Account
Limit on Overnight Account Balances	No	Yes
Earns Interest on Reserve Balances	Yes	No
Overdraft Capacity	Yes	No
Access to Payment Services for which Overdraft Risk Cannot be Controlled	Yes	No
Discount Window Access	Yes	No

Source: [BPI](#)

## President Trump's Executive Order and the Push for Fed Access

On 19 May 2026, President Donald Trump signed an Executive Order titled “Integrating Financial Technology Innovation into Regulatory Frameworks” directing the Federal Reserve to conduct a comprehensive review of access policies governing Reserve Bank payments accounts and payments services for uninsured depository institutions and non-bank financial companies. The order specifically directs regulators to review policies affecting firms involved in digital assets, other financial activities, and payment companies acting as direct participants in real-time payment networks. The order further directed the Federal Reserve to report its findings within 120 days, including an assessment of whether each of the 12 regional Federal Reserve Banks can grant or deny access independently.<sup>1 2</sup>

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While the order does not give fintechs immediate access to Federal Reserve accounts, any change would depend on the Fed's legal assessment, the outcome of the review, and whether regulators or lawmakers need to make further changes. The Financial Technology Association welcomes the order as “a win for the millions of Americans who rely on fintech products every day”, while the American Fintech Council commended the administration for “continuing its work to modernise our nation's financial regulatory framework”.<sup>3</sup>

While the order appears technical on its surface, the issue extends far beyond as a mere fintech regulation and reaches the fundamental architecture of the US financial system itself. The central question hence becomes whether access to core financial infrastructure should remain largely limited to traditional banks or whether fintech companies and stablecoin issuers should gain similar access.

## Bank-Centric Financial System and the Fed Access Importance

The US financial system has historically been organised around commercial banks as the primary intermediaries between savers and borrowers.<sup>4</sup> Since the Federal Reserve's establishment in 1913, commercial banks have been distinguished from other financial institutions by offering deposit accounts that serve as the primary means of payment. While some fintech firms and non-bank providers offer similar payment services that resemble bank accounts, these services are usually built on underlying bank deposits or banking infrastructure while commercial bank deposits remain a central component of the modern payments system.<sup>5</sup>

Federal Reserve access has traditionally been limited to banks and other eligible depository institutions because these entities operate under established prudential regulations, capital requirements, and supervisory frameworks that help safeguard the stability and integrity of core payment systems.<sup>6 7</sup> This arrangement gave traditional banks a privileged position in financial intermediation, serving as exclusive gatekeepers to the payment and settlement layers of the financial system.

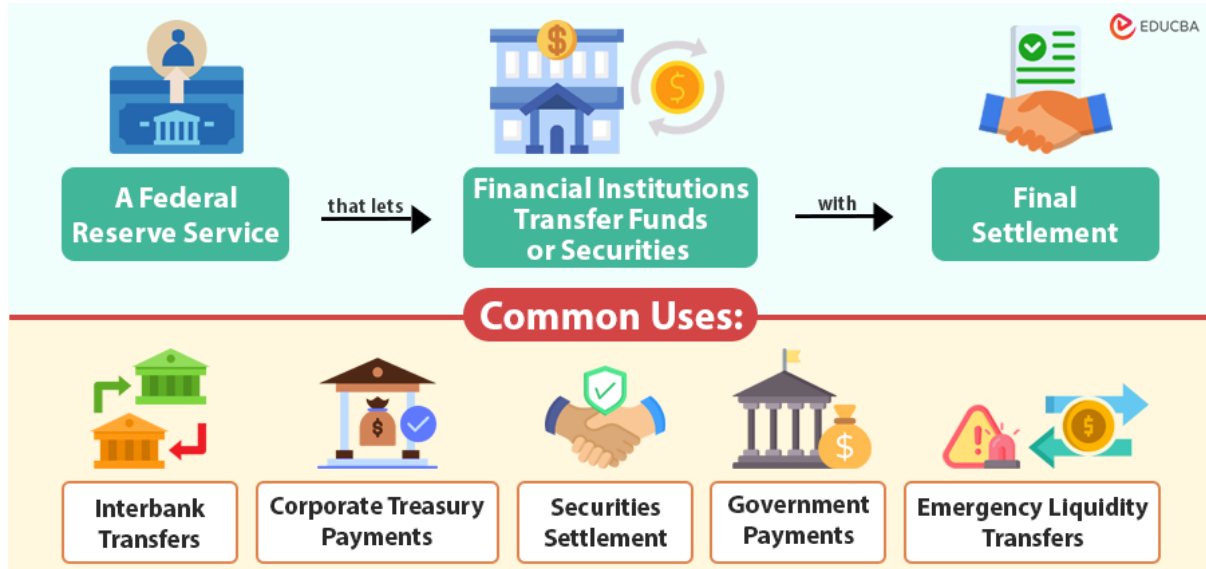
These banks hold master accounts at Federal Reserve Banks which enables direct access to payment services such as Fedwire (**Figure 1**), FedACH and FedNow. By allowing institutions to hold funds and settle transactions directly with the Federal Reserve, master accounts reduce reliance on intermediary banks, enhance operational control, and can support faster settlement and lower transaction costs.<sup>8</sup> Essentially, a Fed master account allows a financial institution to “plug directly into the US payment system.”

For crypto and fintech firms, direct access to Federal Reserve payment services could reduce reliance on correspondent banking relationships, potentially lowering costs and enabling faster settlement. More importantly, a Federal Reserve master account permits settlement in central bank money – that is, claims on the Federal Reserve itself – which is generally regarded as the safest settlement asset because it is free from commercial bank credit risk and provides finality of payment.<sup>9</sup>

Moreover, for stablecoin issuers and other digital asset firms, a Federal Reserve master account offers strategic advantages beyond direct settlement in central bank money. Direct access to Federal Reserve payment services can facilitate faster and more efficient payment processing, while the ability to hold balances directly at a Federal Reserve Bank enhances liquidity management and eliminates exposure to commercial bank credit risk.<sup>10</sup> These

benefits help explain why firms such as Kraken, Custodia Bank, Anchorage and Ripple have long sought access to a Federal Reserve master account. The incentive extends beyond operational and technical efficiency to include greater institutional legitimacy, reduced dependence on intermediary banks and enhanced competitive positioning within the financial ecosystem.

**Figure 1: How Fedwire Works**



Source: [Educba](#)

**What the Executive Order Signals**

The Executive Order focuses on the potential reconsideration of access barriers that have historically excluded crypto and fintech firms from the US payment system, escalating a years-long battle over access. It instructs regulators to reassess frameworks governing participation in the financial system’s settlement layers, including whether current restrictions are slowing the development and scaling of digital financial services. The Executive Order aligns with broader efforts to promote financial innovation and digital assets, reflecting the administration’s priority to modernise the financial regulatory framework. Its significance lies in reopening the long-standing debate over whether non-traditional financial institutions should receive broader access to core payment systems, an area historically dominated by regulated banking institutions.

Stablecoin issuers perform functions that resemble traditional banking activities, particularly in payments and settlement. By operating on blockchain, stablecoins enable near real-time, 24/7 transfers across borders while reducing reliance on correspondent banking networks, although issuers remain dependent on commercial banks for reserve management and redemption. The growing use of stablecoins by payment service providers, financial platforms, and marketplace operators for liquidity management, cross-border transfers, and platform-level settlement has strengthened arguments that stablecoins issuers could evolve into payment utilities in their own right. Reflecting this shift, Stablecoin Insider’s 2025 year-end report observed that stablecoins are no longer a ‘crypto story’ – they are the new plumbing of global finance<sup>11</sup> while Visa’s integration of USDC into its settlement operations<sup>12</sup> suggests that stablecoins are being treated as settlement infrastructure rather than just trading assets, stepping into roles historically dominated by correspondent banking networks and card payment schemes.

In this context, direct access to Fed infrastructure could strengthen stablecoin issuers’ competitive position by enabling settlement in central bank money without relying on partner banks, reduce intermediaries and integrate stablecoins into the core operating logic of financial institutions rather than keeping them at the edges.

Furthermore, fintech firms have assumed an increasingly prominent role in customer-facing financial services, reshaping how consumers and businesses interact with money. This reflects a broader process of financial ‘unbundling’, whereby fintech firms have separated and specialised in individual banking services previously bundled together within traditional banks.<sup>13</sup> The growth of the fintech industry has been driven largely by this model, beginning with payments and funds transfers before expanding into savings, lending, and financial management.<sup>14</sup>

As a result, many customer-facing financial services are now provided by non-bank entities, while traditional banks increasingly operate in the background as providers of accounts, settlement services, and regulatory infrastructure. Yet despite their growing role, non-bank fintech providers, including payments service providers, generally remain excluded from direct access to core payments infrastructure. In this context, expanding access to Federal Reserve payment systems could accelerate existing unbundling trends, reduce fintechs’ dependence on partner banks, and reshape competitive dynamics within the financial sector.

The implications of these developments extend beyond the crypto-sector to the broader fintech industry. As fintech firms increasingly provide customer-facing financial services and stablecoins assume a growing role in payments and settlement, the traditional boundaries between banks, payment providers, and technology firms are becoming less distinct. Against this backdrop, debates over access to Federal Reserve infrastructure are not merely technical questions of payment efficiency, but broader questions about competition, market structure, and who should participate in the core architecture of the financial system. The direction of regulatory policy in the coming years is therefore likely to play a significant role in shaping the future relationship between traditional financial institutions and emerging digital finance providers.

### **Blurring Lines Between Traditional Banks and Digital Assets Firms**

Distinctions between banks, fintech firms and stablecoin issuers are becoming increasingly blurred as they converge around similar payment and settlement functions. Banks are entering the stablecoin market, payment networks are integrating digital asset settlement capabilities, and fintech firms continue to expand into services once associated primarily with traditional banking. As a result, activities that were once institutionally distinct are increasingly performed through overlapping business models and technologies.

This convergence has important regulatory implications. Direct access to the Federal Reserve infrastructure could further narrow the gap between traditional banks and non-bank financial firms by reducing reliance on intermediary institutions and enabling broader participation in core payment systems. As firms seek access to functions historically reserved for banks, questions of regulatory parity become increasingly important. Consistent standards around capital, operational resilience, consumer protection, and mitigating financial crimes may therefore be necessary to maintain confidence in the financial system while allowing innovation to develop. Broadly, the regulatory environment appears to be moving toward more structured pathways for collaboration, access, supervision, and potentially more direct participation in core financial services.

### **Is the US Moving Beyond a Bank-Centric Financial System?**

The May 2026 Executive Order and the broader evolution of digital finance suggest the emergence of a more diverse financial system, in which banks, fintech firms, and stablecoin issuers increasingly perform overlapping payment and settlement functions. Banks are likely to remain central to the financial system, but they may no longer serve as the exclusive gateways to payment and settlement infrastructure.

Rather than a hierarchical system in which non-bank firms depend entirely on banks for access and participation, the future might have banks, fintechs, and stablecoin issuers operating alongside one another within a shared financial ecosystem.

Whether the regulatory direction ultimately results in a fundamental restructuring of the US financial system remains uncertain. However, the Executive Order signals a willingness to reconsider longstanding assumptions

about who should have access to core financial infrastructure and under what conditions. In that sense, its significance lies not in any immediate change to access rights, but in reopening a debate about the future structure of the payment system and the role that banks, fintech firms, and digital asset providers will play within it.

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