To require member banks to maintain pass-through digital dollar wallets for certain persons, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 23, 2020

Mr. BROWN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require member banks to maintain pass-through digital dollar wallets for certain persons, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Banking for All Act”.

SEC. 2. DEFINITIONS.

In this Act:

(1) DIGITAL DOLLARS.—The term “digital dollars” means dollar balances consisting of digital ledger entries recorded as liabilities in the accounts of any Federal reserve bank.
(2) Digital dollar wallets.—The term “digital dollar wallet” means a digital wallet or account, maintained by a Federal reserve bank on behalf of any person, for the purpose of holding digital dollar balances.

(3) Member bank.—The term “member bank” means any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by the Federal Reserve Act (12 U.S.C. 221 et seq.).

(4) Pass-through digital dollar wallets.—The term “pass-through digital dollar wallet” means a digital wallet or account, maintained by a member bank on behalf of any person, entitling that person to a pro rata share of a pooled reserve balance that the member bank maintains at any Federal reserve bank.

(5) Postal retail facility.—The term “postal retail facility”—

(A) means post office, post office branch, post office classified station, or other facility that is operated by the Postal Service, the primary function of which is to provide retail postal services; and
(B) does not include a contractor-operated facility offering postal services.

(6) POSTAL SERVICE.—The term “Postal Service” means the United States Postal Service.

SEC. 3. AUTHORITY AND MANDATE FOR MEMBER BANKS TO MAINTAIN PASS-THROUGH DIGITAL DOLLAR WALLETS.

(a) Obligations of Member Banks.—

(1) IN GENERAL.—Member banks shall open and maintain pass-through digital dollar wallets for all persons, including persons eligible to receive payments from the United States pursuant to a Federal law relating to the coronavirus disease 2019 (COVID–19), who elect to deposit funds into pass-through digital dollar wallets.

(2) MAINTENANCE OF ASSETS.—

(A) IN GENERAL.—Each member bank shall establish and maintain a separate legal entity for the exclusive purpose of holding all assets and maintaining all liabilities associated with pass-through digital wallets.

(B) CONTENTS.—The assets of any entity described in subparagraph (A) shall consist exclusively of a balance maintained in a master account at a Federal reserve bank, and the li-
abilities or obligations of the entity shall consist exclusively of an equal quantity of balances maintained by holders of pass-through digital wallets.

(C) CAPITAL OR LIQUIDITY REGULATION.—The assets and liabilities of any legal entity described in subparagraph (A) shall not be deemed assets or liabilities of the member bank or its affiliates for purposes of any capital or liquidity regulation promulgated by Federal or State banking authorities.

(D) ONLINE APPLICATION REQUIREMENT FOR LARGE BANKS.—Member banks with total consolidated assets greater than $10,000,000,000 shall promptly offer application, through online or telephonic means, for pass-through digital wallets.

(b) TERMS OF PASS-THROUGH DIGITAL DOLLAR WALLETS.—Pass-through digital dollar wallets—

(1) shall not be subject to any account fees, minimum balances, or maximum balances and shall pay interest at a rate not below the greater of the rate of interest on required reserves and the rate of interest on excess reserves;
(2) shall provide functionality and service levels no less favorable than those that the member bank offers for its existing transaction accounts, including with respect to debit cards, automated teller machines, online account access, automatic bill-pay, mobile banking, customer service and such other services as the Board of Governors of the Federal Reserve System determines appropriate in the public interest, provided that digital dollar wallets shall not include overdraft coverage;

(3) shall be prominently branded in all account statements, marketing materials, and other communications as “pass-through FedAccounts” maintained by the member bank on behalf of the Federal Reserve;

(4) may not be closed or restricted by the bank on the basis of profitability considerations; and

(5) shall provide account holders with reasonable protection against losses caused by fraud or security breaches.

(c) Reimbursement for Costs.—

(1) In general.—Each postal retail facility and each member bank with total consolidated assets of not greater than $10,000,000,000 shall be reimbursed each calendar quarter by the relevant Fed-
eral reserve bank for the actual and reasonable oper-
3 ational costs incurred by the postal retail facility or 
4 member bank in offering pass-through digital dollar 
5 wallets.

(2) REGULATIONS.—The Board of Governors of 
the Federal Reserve System shall promulgate such 
regulations as necessary to carry out this subsection.

(d) AUTHORITY OF THE BOARD.—Member banks 
shall be subject to such regulations and obligations as may 
be imposed by the Board of Governors of the Federal Re-
serve System in connection with maintaining pass-through 
digital dollar wallets.

SEC. 4. AUTHORITY FOR STATE NONMEMBER BANKS AND 
CREDIT UNIONS TO OFFER PASS-THROUGH 
DIGITAL DOLLAR WALLETS.

The Federal reserve banks shall permit State non-
member banks and credit unions to open master accounts 
for the exclusive purpose of offering pass-through digital 
dollar wallets in compliance with the separate entity struc-
ture described in section 3(a), if—

(1) the pass-through digital wallets comply with 
the terms set forth in section 3(b); and

(2) each State nonmember bank or credit union 
electing to offer pass-through digital wallets shall be
entitled to cost reimbursement in accordance with section 3(c).

SEC. 5. AUTHORITY AND MANDATE FOR FEDERAL RESERVE BANKS TO MAINTAIN DIGITAL DOLLAR WALLETS FOR THE GENERAL PUBLIC.

(a) AUTHORIZATION.—Subject to such restrictions, limitations, and regulations as may be imposed by the Board of Governors of the Federal Reserve System, each Federal reserve bank may maintain digital dollar wallets.

(b) MANDATE.—

(1) IN GENERAL.—All Federal reserve banks shall, not later than January 1, 2021, make digital wallets available to all residents and citizens of the United States and to businesses domiciled in the United States.

(2) LIMITED BRANCHES.—In areas where access to physical member bank branches is limited, including in low- or moderate-income geographies, designated disaster areas, distressed or underserved non-metropolitan middle-income geographies, as designated by the Federal Financial Institutions Examination Council, Federal reserve banks shall partner with postal retail facilities to ensure access and availability to application and account services for all
residents and citizens of the United States and to
businesses domiciled in the United States.

(c) TERMS OF DIGITAL DOLLAR WALLETS.—Digital
dollar wallets—

(1) shall not be subject to any account fees,
minimum balances, or maximum balances, and shall
pay interest at a rate not below the greater of the
rate of interest on required reserves and the rate of
interest on excess reserves;

(2) shall provide debit cards, online account ac-
cess, automatic bill-pay, mobile banking, customer
service and other such services as the Board of Gov-
ernors of the Federal Reserve System determines ap-
propriate in the public interest, provided that digital
dollar wallets shall not include overdraft coverage;

(3) shall provide, in conjunction with the Postal
Service, access to automatic teller machines to be
maintained on behalf of the Board of Governors of
the Postal Service at postal retail facilities;

(4) shall be branded in all account statements,
marketing materials, and other communications as
“FedAccounts” maintained by the Federal reserve
bank on behalf of the United States of America;

(5) may not be closed or restricted on the basis
of profitability considerations; and
(6) shall provide account holders with reasonable protection against losses caused by fraud or security breaches.

(d) BANK SECRECY ACT.—In establishing and maintaining digital dollar wallets, each Federal reserve bank shall comply with—

(1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 et seq.); and

(3) subchapter II of chapter 53 of title 31, United States Code.

(e) PRIVACY.—Section 552a of title 5, United States Code (commonly known as the “Privacy Act of 1974”), shall apply to digital dollar wallets, and the privacy obligations applicable to each Federal reserve bank and its employees, including with respect to criminal and civil penalties, shall mirror those applicable to Federal tax returns under sections 6103, 7213(a)(1), 7213A, and 7431 of the Internal Revenue Code of 1986.

SEC. 6. REGULATIONS.

The Board of Governors of the Federal Reserve System shall promulgate regulations carrying out this Act.