

Testimony of Eileen O'Mara
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Before the House Committee on Financial Services
Hearing on

“Future of Payments: Promoting Innovation and Fair Markets”

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Chairman Hill, Ranking Member Waters, Members of the Committee. Thank you for the opportunity to testify.

I'm Eileen O'Mara, Vice Chair at Stripe.

Stripe was founded in the United States and builds the financial infrastructure that businesses use to start, run, and grow. Before Stripe, accepting payments online meant negotiating with banks, integrating legacy systems, and wading through weeks of paperwork — a barrier that put the internet economy out of reach for far too many businesses. We set out to change that.

Today, Stripe processes roughly \$1.9 trillion in total annual volume and works with millions of companies at every stage and scale: a one-person startup finding their first customer, Main Street businesses serving their communities across every congressional district, and global enterprises including 90% of the companies in the Dow Jones Industrial Average.

I've spent nearly a decade working directly with the entrepreneurs and businesses that build on Stripe, learning what slows them down and what they are capable of when those barriers are removed. Those learnings are part of what brings me here today.

Modernizing payments matters

The question the committee is examining — how best to modernize payments — is not a narrow technical question. Getting paid quickly and reliably matters deeply to every business. It determines whether they hire the next employee, make the next investment, or survive the next slow month. Modernizing America's financial infrastructure can help businesses grow faster.

We see this every day across the millions of businesses that build on Stripe — from iconic brands like Hertz and Hershey's modernizing for the internet economy, to platforms like Mindbody powering local wellness businesses, to companies like Housecall Pro helping tradespeople get paid the moment the work is done. These are very different businesses, but they all depend on payments infrastructure that can handle complexity at scale.

Our current legacy system, however, makes payments more fragile, more expensive, and slows businesses down. Stripe partners with banks, credit card networks and other vital parts of the payments ecosystem to serve business customers throughout the United States and around the world. These partnerships have helped us serve millions of businesses and we want them to continue to thrive.

The Federal Reserve Act was signed in 1913 and the legal framework for payments hasn't changed much since then: only banks can directly access Fed payment systems, and there is no dedicated federal regulatory framework for a modern payments company.¹ As a result, every payment must route through a bank intermediary. Adjusting for inflation, payment volume has grown over 100x since 1929.² What was once a workable structure has become a chokepoint that poses real risks at the scale of today's economy.

Dependency creates risk

¹ In practice, the legal framework has arguably gotten even more conservative over time. Historically, all national banks were granted access as a matter of course. Under the Monetary Control Act of 1980, Congress required the Federal Reserve to also grant access to state non-member banks and other depository institutions. However, in recent years the Federal Reserve has failed to act on a number of applications from uninsured state banks and national trust banks, proposing instead a three-tier framework for consideration of master account applications that subjects all uninsured banks, including certain national banks (national trust banks), with greater scrutiny.

² The U.S. recorded approximately 205 billion noncash payments in 2021, versus an estimated 1–2 billion per year circa 1915–1920, when payments were almost entirely checks — a more than 100-fold increase.

To be clear, banks are among our most strategic partners. Stripe partners with banks, credit card networks and other vital parts of the payments ecosystem. However, for payments, routing every transaction through a bank intermediary creates a structural vulnerability.

Just two banks originate nearly half of ACH volume. If a company like Stripe ran its payouts through one of these two banks and was abruptly denied service, millions of companies could miss payroll and operations would be frozen until they could switch to a new banking partner.

We nearly experienced this risk firsthand several years ago when one of our bank partners decided to step back from processing. Our bank partners have a right to decide which lines of business they prioritize and choose to stay involved in. But because Stripe, and other businesses like us, are dependent on our bank partners to process payments, the effect was that millions of American businesses faced potential disruption to their ability to accept payments. We had the scale and reputation to navigate it, but a smaller company might not be so fortunate — and their customers would bear the consequences. That experience led us to seek out a solution that would enable us to directly access card networks without a bank intermediary, and that's why we pursued and have now launched a Georgia Merchant Acquiring Limited Purpose Bank charter.³

Modernization fuels growth with lower costs and rapid adoption

As this committee considers how to modernize our payments system, it makes sense to explore whether opening up access to non-banks (or creating a new category of bank) actually has positive results. While the United States remains the only nation in the G7 to not allow direct access to their payment infrastructure, other countries have already taken this step. The UK opened direct access in 2017, Singapore in 2021, and the EU in 2024 with measurable results. Deliveroo, a London-based food delivery marketplace, partnered with Stripe to connect directly to local payment networks across its European markets. By optimizing payment performance and routing transactions locally, Deliveroo recaptured more than £100 million in revenue that would otherwise have been at risk in a single year, while maintaining a 96.98% transaction approval rate across 90% of its global payment volume.

³ Our authorities under this charter are limited to processing debit and credit card payments on behalf of merchants. No other activities, including money transmission, are permitted under the MALPB charter.

Over the past decade, governments that have modernized their infrastructure and invited payments companies, not just banks, to build products on those modern rails have seen significant public benefit. Real-time payments are the clearest example. Brazil's central bank launched the Pix rail in 2020, and payments companies built functionality like mobile checkout and merchant tools that carried it to consumers and businesses. It now reaches more than 170 million users, processes nearly 80 billion transactions a year, and has already surpassed credit and debit cards combined. India's UPI, launched in 2016, followed the same adoption arc and now serves roughly half a billion users and more than 228 billion transactions a year. When Gamma, a California-based AI platform, started accepting UPI, their revenue in India jumped 22% in the same month.

Here in the United States, the Federal Reserve has made efforts to modernize its payment infrastructure with the introduction of the FedNow service. FedNow, however, is only accessible to the same class of banks. What it lacks is a business or consumer-facing payment method built on top — exactly the kind of innovation that payment companies like Stripe could create with direct access. FedNow could provide the same benefits, but banks have not only been slow to innovate in this space but also appear to not feel any competitive pressure to do so: roughly 80% of eligible financial institutions have not even connected to FedNow.

Fit-For-Purpose Regulation

We understand that access to Federal Reserve payment systems requires rigorous oversight to limit risks to the system. We welcome this oversight, and simply want to ensure that the right framework is applied to the right activity. Insured depository institutions — those the Federal Reserve has granted “Tier 1” status for master account access — typically issue short-term deposits and make longer-term loans. Their core business model is based on that maturity transformation, and the vast majority of bank regulation, and Federal backstops like deposit insurance, is driven by the need to mitigate the run risk associated with that business model.

Payments institutions work differently. When a business processes a sale through Stripe, we hold those funds in transit until they reach the business's bank account. We don't lend or invest those funds. The risks we manage — fraud, chargebacks, data security, and other critical matters — require rigorous oversight, but oversight designed specifically for payments, not banks.

We already maintain strict compliance with Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) requirements and partner closely with law enforcement. In fact, Stripe has successfully blocked \$13.8 billion in suspected fraudulent charges each month on average over the past year.

We appreciate all of the considerations that have already gone into developing a regulatory framework for payments. Bipartisan efforts to modernize the payment system have been discussed for years. Recent Executive Orders and legislation such as the Payment Access and Consumer Efficiency (PACE) Act seek to move from discussion to action. We support efforts like the PACE Act because it enables the companies most focused on payments to access Fed rails directly, subject to appropriately rigorous regulation. This will promote a more robust payments ecosystem, mitigating potential disruptions, and enabling innovation and speed to the benefit of American businesses.

Conclusion

When well-regulated payments companies can access payment infrastructure directly, it results in lower costs for small businesses, faster settlement for workers waiting on a paycheck, and a more resilient payments system built for how businesses actually operate today. America's entrepreneurial and economic dynamism is one of its defining strengths – a model for the world. This Committee has the opportunity to ensure our financial infrastructure evolves alongside the businesses that will power the economy in the future.

Thank you for inviting Stripe to participate in this important hearing to share our perspective.