

NATIONAL FEDERATION OF INDEPENDENT BUSINESS, INC., DAVID ADDINGTON

Proposal and Comment Information

Title: Check Services - Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services, OP-1874

Comment ID: FR-2025-0077-01-C217

Subject

OP-1874 NFIB Comment Letter of January 11 of 2026 to Federal Reserve on Check Services of Federal Reserve Banks

Submitter Information

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Organization Type: Organization

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Submitted Date: 01/11/2026

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Please see the comment letter of January 11, 2026, attached above, from National Federation of Independent Business, Inc. (NFIB) to the Board of Governors of the Federal Reserve System (FRS) in response to the FRS notice titled “Request for Information and Comment on the Future of the Federal Reserve Banks’ Check Services,” Docket No. OP-1874, 90 Fed. Reg. 57062 (December 9, 2025).



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Via publiccomments@frb.gov
and U.S. First Class Mail

January 11, 2026

The Honorable Jerome H. Powell, Chairman
Board of Governors of the Federal Reserve System
c/o Benjamin W. McDonough, Deputy Secretary
20th St. and Constitution Ave. NW
Washington, DC 20551

Dear Mr. Chairman:

RE: Federal Reserve System Notice Titled "Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services," Docket No. OP-1874, 90 Fed. Reg. 57062 (December 9, 2025)

This letter presents comments of the National Federation of Independent Business (NFIB)¹ in response to the Federal Reserve System (FRS) notice titled "Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services" and published in the *Federal Register* of December 9, 2025. The notice sought public input on the future of the check services of the Federal Reserve Banks. The FRS Board of Governors, in the exercise of its general supervisory authority over Reserve Banks and consistent with the duty of Reserve Banks to receive checks,² should ensure that the Reserve Banks continue to provide the check services upon which America's small businesses depend.

The FRS noted "the steady decline in check use," but also noted that Americans wrote "about 11 billion checks" in 2021 for an amount of "\$27.23 trillion,"³ a number and value of checks of substantial importance to America's economy by anyone's measure. The FRS would be well-advised to continue to meet the need for check services of the part of the American economy -- small businesses -- that generates two-thirds of the net new jobs and 43% of the goods and services that the country produces each year.⁴

¹ NFIB is an incorporated nonprofit association representing small and independent businesses. NFIB protects and advances the ability of Americans to own, operate, and grow their businesses and ensures that governments of the United States and the fifty states hear the voice of small business as they formulate public policies.

² 12 U.S.C. 248(j) and 12 U.S.C. 360.

³ 90 Fed. Reg. at 57063, cols. 2 and 3.

⁴ Small Business Administration, Office of Advocacy, "Frequently Asked Questions" (July 2024), pages 1 and 7, available at <https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About->

The FRS noted that businesses are the “primary users of checks” and that they “may experience additional costs and barriers to adopting electronic payments, including the need to modernize their treasury practices, accounting processes, and infrastructures for accepting and disbursing payments.”⁵ NFIB appreciates the FRS recognition of those costs and barriers to “going electronic,” but emphasizes that, for lots of small businesses, the terms “treasury practices,” “accounting processes,” and “infrastructures for accepting and disbursing payments” are rather highfalutin terms for a small business owner’s simply depositing checks and cash reflecting payments from customers into the business’s checking account and writing checks on that account to pay the business’s bills. Many small businesses will depend upon check services for the foreseeable future.

The FRS notes that the number of checks written by Americans dropped from 40 billion at the turn of the century to 11 billion in 2021,⁶ Reserve Banks processed 5.7 billion checks in 2015 but only 3 billion in 2024,⁷ and Reserve Banks’ check services depend upon an aging infrastructure.⁸ Moreover, the FRS notes that there are sources for some check clearing services other than the Reserve Banks.⁹ NFIB accepts that Reserve Banks shoulder a burden in providing check services and that over time the frequency of electronic payments will likely continue to increase and the frequency of check payments will likely continue to decrease. But check payments will long remain important to the economy and to the ability of small businesses to function within the economy.

The FRS should not proceed with changes to Reserve Bank check services that would disrupt the economy and injure small businesses, such as a decision to wind down and stop providing those check services. Many industry commenters expressed a preference to the FRS in 2013 for “letting market forces determine the pace of migration away from

Small-Business_2024-508.pdf (visited December 30, 2025). See also Association for Financial Professionals, “2025 Payments Fraud and Control Survey Report: Key Highlights,” p. 10 (“Checks continue to be a favored payment method at organizations -- and they are used extensively. Ninety-one percent of respondents report that their organizations are currently using checks.”), available at https://7185359.fs1.hubspotusercontent-na1.net/hubfs/7185359/Research%20Surveys/SURVEYS/2025%20AFP%20Payments%20Fraud%20Survey%20Report%20Key%20Highlights.pdf?utm_campaign=MBSP+Content&utm_medium=email&utm_content=356326217&utm_source=hs_automation&_hs_mi=356326217&_hsenc=p2ANqtz-8dYxQELR6A4pLgoSeVDFd8h3aORV7b4kcM9N5Bkzg9Md0ZRd9faB7bgwHJSaKz2jt_NbTaYi7435AJRNdji28rNedG3A&hsCtaAttrib=188731551848 (visited December 30, 2025).

⁵ 90 *Fed. Reg.* at 57064, cols. 1 and 2.

⁶ 90 *Fed. Reg.* at 57063, col. 3.

⁷ 90 *Fed. Reg.* at 57065, col. 3.

⁸ 90 *Fed. Reg.* at 57066, cols. 1 and 2.

⁹ 90 *Fed. Reg.* at 57065, col. 3 (“When a depository institution receives a check deposit drawn on another institution, the depository institution may choose to send the check for collection to the other institution directly, deliver it to the other institution through a private-sector exchange, or use the check-collection services of a correspondent, service provider, or the Reserve Banks.”).

checks and the need for further enhancements to alternative payment methods.”¹⁰ That advice was wise in 2013 and remains wise today. When the free market ceases at some point in the future to make significant use of checks, then and only then should the FRS consider leaving the entirety of check clearing services to whatever private sector entities still provide those services at that time. But, with Reserve Banks processing 3 billion checks in 2024, the market clearly continues to make significant use of checks and continues to find having FRS checking services beneficial. The day may come when the FRS can stop doing check-clearing work (assuming the law allows the FRS to stop), but that day is not today, and that day is clearly a long way off.

The FRS identified four possible strategies it will consider:¹¹

1. Possible Strategy: “A continuation of the Reserve Banks’ check services largely as they exist today without investments to address aging infrastructure.” If such a strategy could work, it would be ideal; check writers would receive the services they need and Reserve Banks could avoid spending more money on infrastructure to provide those services. But as “aging infrastructure” continues to age, it generally fails more frequently and more gravely. Reserve Bank check services upon which neither banks nor their customers could depend would be of little value. As a practical matter, the continuation of the Reserve Banks’ check services largely as they exist today would require at least some new investment to maintain the infrastructure necessary to provide adequate, dependable check services.
2. Possible Strategy: “A significant simplification of the Reserve Banks’ check services, including discontinuation of certain offerings, with the intention to minimize infrastructure investments that must be recovered through service fees charged to depository institutions as required by the MCA.”¹² The FRS notice identifies as possible changes: “reducing the number of deposit deadlines,” “limiting hours of operation,” “eliminating check adjustment services,” “reducing resiliency levels,” or some combination of those changes. Two of those possible changes -- “eliminating check adjustment services” and “reducing resiliency levels” -- would drive a stake through the heart of the Reserve Banks’ check services. To maintain confidence in the accuracy of check clearing in the economy, the Reserve Banks must continue to provide the check adjustment services for debit or credit settlement discrepancies on checks the Reserve Banks handle. And Reserve Banks must maintain high resiliency levels in all their operations, including check services; as the FRS Board of Governors has stated: “Operational resilience has always been important to the safety and soundness of financial firms and the stability of the financial system.”¹³ The FRS may

¹⁰ 90 Fed. Reg. at 57065, col. 1.

¹¹ 90 Fed. Reg. at 57066, col. 2.

¹² MCA refers to the Monetary Control Act, 12 U.S.C. 248a (establishment of fees for Reserve Bank services to depository institutions, including for “check clearing and collection services[.]”). See also 12 U.S.C. 360 (obligation of Reserve Banks to receive checks).

¹³ Board of Governors of the FRS, “Operational Resilience” (updated February 4, 2022), available at <https://www.federalreserve.gov/supervisionreg/topics/operational-resilience.htm> (visited December 30, 2025).

want to consider the other two possible changes -- reducing the number of deposit deadlines (currently four per day, with differing levels of associated services¹⁴) and limiting the hours of operation -- as long as Reserve Banks will maintain the same basic services to check writers such as small businesses as the Reserve Banks provide now.

3. Possible Strategy: "A substantial wind-down of the Reserve Banks' check services." The FRS should not proceed with a wind-down of the Reserve Bank check services, as doing so would disrupt the economy and injure small businesses. As discussed above, when the free market ceases at some point in the future to make significant use of checks, then and only then should the FRS consider leaving the entirety of check clearing services to whatever private sector entities still provide those services at that time -- a time that is a long way off, given that the FRS system cleared 3 billion checks in 2024. The FRS ought also to consider whether federal statutes (see, for example, 12 U.S.C. 360 as construed by the Attorney General Opinion of March 21, 1918, 31 U.S. Op. Atty. Gen 245 (1918)) allow the FRS to wind-down and end Reserve Bank check services. And, if the Board of Governors, advised by the Attorney General, concludes that the statutes do allow it, then the Board of Governors should consider whether the decision to end Reserve Bank check services is a decision Congress should make for the people in our democracy rather than the Board of Governors. Lastly, the wind-down of Reserve Banks' check services is inconsistent with the Strategic Plan of the Board of Governors of the Federal Reserve, which states: "The conduct of monetary policy, responsibility for supervision, and maintenance of the payment system demand high-quality analysis; high performance standards; and a secure, robust infrastructure."¹⁵ The Reserve Banks' check services, a part of the "payment system" to which the Strategic Plan refers, must therefore maintain the "high performance standards" and "secure, robust infrastructure" for which the Strategic Plan calls.

4. Possible Strategy: "An upgrade to the Reserve Banks' aging check-processing infrastructure, which would require substantial investment." For the reasons stated above, the FRS should ensure that Reserve Banks make such investments as may be necessary to continue to provide Reserve Bank check services for as long as the free market has a significant demand, such as by America's small businesses, for such services. Plainly, with the Reserve Banks processing 3 billion checks in 2024, the free market will continue to have a significant demand for such services for some time.

NFIB requests and recommends FRS adoption of the fourth possible strategy ("An upgrade to the Reserve Banks' aging check-processing infrastructure, which would require substantial investment."), with, if the FRS finds it necessary, reasonable reductions of the number of deposit deadlines and reasonable limitation of hours of operation. That strategy would best ensure the availability for the foreseeable future of the Reserve Bank check services that small businesses need.

¹⁴ 90 Fed. Reg. at 57065, col. 3.

¹⁵ Board of Governors of the FRS, "Strategic Plan 2024-27" (July 17, 2024), available at <https://www.federalreserve.gov/publications/2024-27-strategic-plan.htm> (visited December 30, 2025).

NFIB appreciates the opportunity to comment on the future of check services provided by the Federal Reserve Banks. As the FRS Board of Governors considers the future of such check services, NFIB encourages the Board to recall that, while it works and cooperates with the Reserve Banks, the Federal Open Market Committee, and depository institutions, as a government institution the Board serves the American people, including the small business owners who play a vital role in American society and the American economy. Meeting the needs of America's small businesses should remain a top priority of the FRS Board of Governors.

Sincerely,



David S. Addington

Executive Vice President and General Counsel