

FIRST BANK & TRUST, RYAN SCHILLER

Proposal and Comment Information

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

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Subject

Comments related to Docket No. OP-[1874]

Submitter Information

Organization Name: First Bank & Trust

Organization Type: Company

Name: Ryan Schiller

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To Benjamin W. McDonough

On behalf of First Bank & Trust, I appreciate the opportunity to provide comments regarding the Federal Reserve's review of its check services and potential future strategies. As a financial institution serving largely rural communities with diverse customer segments—including older adults, small businesses, and low- to moderate-income households—we offer the following perspectives on the continued necessity of the Federal Reserve's role in supporting the nation's check infrastructure.

Importance of Federal Reserve Check Services Today

Checks remain a vital payment mechanism for many of our customers and local businesses. For individuals with limited access to broadband, technological tools, or low-cost electronic payment options, checks provide a familiar, reliable, and affordable non-digital means of payment. Many small businesses in our markets continue to rely on checks due to the rising fees associated with card and electronic payment processing. The Federal Reserve plays a critical role as the only provider with nationwide connectivity across all financial institutions, ensuring interoperability and equitable access that private operators do not uniformly guarantee.

Assessment of Current Services and Strategic Options

The most essential aspects of the Federal Reserve's check services include timely processing, return capabilities, and discrepancy resolution, all of which are foundational to risk mitigation and customer confidence. While deposit deadline flexibility is valuable, it is of relatively lower operational impact. Regarding the potential strategic paths under consideration:

- * Maintaining current services with declining reliability would only be acceptable if paired with a clearly communicated, multi-year checks sunset plan. A reduction in service quality without such a roadmap would create operational risks for customers and businesses.
- * Simplifying the Federal Reserve's check services could be practical, provided essential risk-based functions are preserved.
- * Substantially winding down services would be premature and would disproportionately affect rural, elderly, and low-income populations.
- * Significant infrastructure upgrades do not appear justified in the context of declining long-term check usage.

Future Outlook

In our view, check usage is unlikely to materially change over the next three years within our communities. However, over the next decade we expect a significant reduction as digital payment tools become more user-friendly, broadband access improves, and generational shifts occur. A long-term transition strategy should therefore be intentional, gradual, and centered on accessibility, affordability, and consumer readiness.

Conclusion

We encourage the Federal Reserve to maintain its current check services in the near term while preparing for a measured, thoughtful long-term transition as payment behaviors evolve. Any changes to the nation's check infrastructure must prioritize the needs of rural and economically vulnerable populations who continue to depend on checks for essential financial transactions.

Thank you for considering our perspective. We appreciate the Federal Reserve's continued commitment to ensuring the stability, accessibility, and interoperability of the nation's payment systems.

Sincerely,

Ryan Schiller
SVP | Director of Banking Operations

First Bank & Trust
2220 6th Street | PO Box 5057 | Brookings, SD 57006
605.696.2001 (x2001) Office | 605.695.4180 Mobile | 605.696.2290 Fax | 800.843.1552 Toll-Free
Ryan.Schiller@bankeeasy.com<mailto:Ryan.Schiller@bankeeasy.com> |
www.bankeeasy.com<https://www.bankeeasy.com/>

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