

FSNB, NA, GINA RATHBURN

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-C232

Submitter Information

Organization Name: FSNB, NA

Organization Type: Company

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Please see the attached comment letter for our full submission.



February 3, 2026

Board of Governors of the Federal Reserve System
Re: Request for Information on the Future of the Federal Reserve Banks' Check Services
Docket No. OP-1874

To Whom It May Concern,

We appreciate the opportunity to comment on the future of the Federal Reserve Banks' check services.

Our institution serves a diverse customer base that includes military communities, legacy check users, and higher-risk consumer populations. As a result, we experience both the continued necessity of check services and the significant operational and fraud challenges associated with them.

In the near term, Federal Reserve check services remain important. Many customers continue to rely on checks, and the Federal Reserve's role as a neutral provider supports stability, interoperability, and reliable return and exception processing that private alternatives cannot yet fully replace.

At the same time, while not the primary focus of this request, check fraud remains an important consideration that should be factored into decisions regarding the future of check services. Check fraud represents a growing and disproportionate risk for financial institutions, particularly those serving a higher-risk customer base. Regulation CC funds availability and exception hold requirements do not adequately reflect modern fraud patterns and provide limited protection to financial institutions despite recurring losses. Additionally, workforce challenges further compound this risk, as fewer staff have deep experience with complex check processing.

As an institution serving underbanked customers, affordability and access remain central considerations. For many customers, checks continue to be one of the most accessible and cost-effective payment options. A rapid reduction or degradation of check services would disproportionately affect individuals with limited access to digital banking tools or alternative payment methods.

Financial institutions and processing providers also vary widely in their readiness to transition away from checks. Meaningful reductions in check services will require sufficient lead time and confidence that alternative payment methods are broadly available and affordable. Maintaining multiple payment options during this transition supports resilience and affordability, while allowing institutions and customers time to adapt.

While checks cannot be eliminated in the near term, long-term reliance on traditional consumer checks is increasingly unsustainable. We support a measured, transparent transition away from checks over time, paired with stronger fraud protections, modernization of check rules, and regulatory frameworks that better balance consumer access with institutional risk. Limited instruments such as cashier's checks and money orders remain appropriate for controlled use cases.

We encourage the Federal Reserve to maintain reliable check services in the near term while leading industry coordination and rule modernization efforts that support a gradual transition to safer, accessible, and affordable payment alternatives.

Respectfully submitted,
Gina Rathburn
Vice President, AAP, NCP
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