

GUARANTY BANK & TRUST CO. OF DELHI, TROY RICHARDS

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-C258

Subject

Docket No. OP-[1874]

Submitter Information

Organization Name: Guaranty Bank & Trust Co. of Delhi

Organization Type: Company

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Submitted Date: 02/26/2026

Benjamin W. McDonough
Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Deputy Secretary McDonough:

RE: Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services (Docket No. OP-1874)

Dear Deputy Secretary McDonough:

I am writing on behalf of Guaranty Bank & Trust Co. of Delhi, a \$450 million asset community bank headquartered in Delhi, Louisiana. We serve primarily 4 rural parishes in Northeast Louisiana and have been operation since 1966. I appreciate the opportunity to comment on the Board of Governors of the Federal Reserve System's Request for Information on the future of the Reserve Banks' check services.

Our bank relies on the Reserve Banks' check services as part of our overall daily payments operations. Currently, approximately half of our incoming and outgoing cash letter items clear through the Federal Reserve. The other half clear through a "local clearing network" provided through our correspondent bank, First National Bankers Bank (FNBB), in Baton Rouge. We are not currently a "Fedline Institution" as most of our fed services flow through FNBB's Netlink portal.

While we recognize that check usage has declined nationally, checks continue to play an important role in the communities we serve. As our market area is primarily rural, our customer base is older and not overly sophisticated as to take advantage of some of the more automated payment rails that are in existence today. Checks are still widely used by local church congregation tithing, local school fundraising, local area contractors/yard maintenance crews, etc.

Our older customers face real barriers to adopting electronic payment alternatives, including limited broadband in some locations, unfamiliarity with digital platforms, the fear of potential fraud, etc. The pace of any transition away from checks should be determined by market forces and consumer readiness, not by the withdrawal of the infrastructure that supports them.

As stated earlier, the Federal Reserve is not the only entity that is involved with our check clearing services. We do feel as though having the Fed be a partner for these services is vital to ensuring a competitive balance and equitable access for institutions of our size. We do not specifically make the determination as to which clearing avenue our checks flow through -- FNBB manages that process for us and for all the institutions that they service.

Of the strategies outlined in the RFI, we believe that the Fed should maintain the check services that are being offered now at their current level of reliability and scope. If the Fed were to downgrade their check services or even eliminate them, the result would be that we would have fewer choices, higher costs, and diminished service quality. While we certainly realize that continued investment in a check infrastructure could potentially result in increased fees for the banks that are serviced, we would hope that any increases could be kept to a minimum as this would further drive banks to seek to clear through other less expensive avenues.

Check fraud is a growing concern for our bank and our customers, as it has for banks across the country. We have seen dramatic increases over the past few years in the frequency of check fraud in our own institution. The check clearing infrastructure of the Fed could certainly be an effective platform through which fraud-mitigation tools could be delivered to community banks. If the Board invests in upgrading check infrastructure, that investment should include capabilities such as enhanced image analysis and fraud detection services. We also see potential in improving the interbank dispute resolution process which is perhaps one of the more frustrating aspects for community banks in dealing with check fraud. It is often the case that it is a David versus Goliath situation – where we are in a check fraud dispute with one of the larger regional banks and need an advocate with the Fed who could help level the playing field and ensure that all parties are adhering properly to the applicable regulations.

We were one of the respondents to the RFI on payments fraud (Docket No. OP-1866) and this RFI is certainly connected with that one. In the payments fraud RFI, I stated that one of the best ways that the Federal Reserve could help us mitigate against check fraud losses is to update the current federal regulations that govern liability regarding check fraud. Significant changes are needed in Reg CC – specifically in the area of return deadlines, Reg CC holds, and mobile deposit liability. Fraudsters are taking advantage of the regulations that were written in a time before the current technology we have that has allowed them to perpetrate their schemes.

The Federal Reserve made a significant investment in the FedNow Service on the principle that the central bank’s operational presence promotes access, competition, and innovation across the payments system. The same principle applies to check services during this transitional period. We urge the Board to approach the future of check services with the same commitment to inclusion and equitable access.

Thank you for the opportunity to comment. I welcome further engagement on this important topic.

Respectfully,
Troy Q. Richards
President
Guaranty Bank & Trust Co. of Delhi
Delhi, LA