

THE FIRST NATIONAL BANK IN SIOUX FALLS, ROXIE OLSEN

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

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Submitter Information

Organization Name: The First National Bank in Sioux Falls

Organization Type: Company

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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:

The role of the Federal Reserve Bank (FRB) Payment Systems is vital to the overall ecosystem of check processing. The Check Services provided by the FRB operate more smoothly and reliably than any other provider or vendor when it comes to settling items. The timeliness of sending and receiving files, resolving technical issues, processing returns and adjustments, and managing archives is exceptional. These processes are seamless, efficient, and dependable.

All of these functions are critical and should continue to be maintained by the Federal Reserve. Timeliness is a significant factor in check processing, and the FRB consistently performs at a high level. Having previously worked at a financial institution that settled outside of the Federal Reserve, I experienced firsthand that the level of timeliness and operational efficiency was not the same.

It is understandable that system upgrades are inevitable, as are the costs associated with maintaining and enhancing these services. Continued investment ensures stability and reliability for financial institutions and their customers.

From a demographic standpoint, checks remain important at the bank where I am employed. We serve a substantial senior customer base for whom check writing remains a preferred and trusted payment method. Checks provide a tangible paper trail and a sense of transparency that is meaningful to this community. While there are risks associated with checks, financial institutions have a responsibility to educate customers on fraud prevention and risk mitigation.

Additionally, we support a large base of Treasury Management clients who rely on services such as Positive Pay. Check Positive Pay provides another layer of control and accountability by allowing customers to review issued checks and make pay or return decisions. This reinforces the importance of maintaining check services at the bank level. The ability to offer and support these services is beneficial to financial institutions and underscores why continued FRB support is important.

Although the digital payments landscape continues to expand, it can be challenging for certain demographics and for unbanked individuals. Checks still serve a practical and necessary function for many customers who use them to pay bills, invoices, and employees.

The notion that checks are “going away” has circulated since the early 1990s. While check volumes have declined and fraud has increased, elimination is not imminent. Beyond education, additional protections could include stronger accountability measures, tougher laws, heavier sentencing for fraudsters, and safer mailing methods for consumers.

At this time, I am not convinced that the FRB needs to fundamentally change its operating model to mitigate fraud or for other reasons. We understand that industry shifts occur gradually. Our institution does not have plans to eliminate checks in the foreseeable future. We will continue to expand digital services while also supporting customers who rely on traditional check payments.

Thank you for your time.

"We Build Successful Relationships"

Roxie M. Olsen

Item Processing Team Leader

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