

NORTH AMERICAN BANKING COMPANY, MICHAEL A. BILSKI

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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Submitter Information

Organization Name: North American Banking Company

Organization Type: Company

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NORTH AMERICAN BANKING COMPANY

March 6, 2026

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

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 North American Banking Company, a \$1.5 billion-asset sized community bank headquartered in Roseville, Minnesota. The Bank was chartered in 1998 and serves the Twin Cities metropolitan area of Minnesota. It also serves payments customers across North America. I appreciate the opportunity to comment on the Board of Governors of the Federal Reserve System (Board)'s Request for Information on the future of the Reserve Banks' check services.

I would first like to give you a brief recap of my history with checks, payable through items, ACH and Immediate Payments include the following:

- A check sorter operator in 1976
- A lock box processing clerk
- A bank Operations and Accounting Officer
- Assisting the FRB Minneapolis in testing back-room image processing in the early nineties with regional money order payable through items clearing through a community bank
- A founder of north American Banking Company
- Met with the US Treasury in 1997 discussing EFT99 and its potential implementation issues on payable through items.
- A current UMACHA Board Member
- A former Nacha Board Member and Officer
- ICBA Payments and Technology Committee member and an FRB Advisor for the ICBA
- I have been an FRB Chicago Payments Symposium speaker and participant
- A Faster Payments Task Force participant.
- Past Chairman of the US Faster Payments Council, served five years
- Currently FedNow Advisory Committee member.
- On March 5th, 2026, Nacha announced that North American Banking Company was number 25 of the Top 50 originators for 2025, its 10th consecutive year in the top 30.

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Below is a recap of the 2025 processing activity for North American Banking Company.

North American Banking Company Payment Processing Items & Dollar Volume for 2025			
Checks(all electronically)			
	FRB MPLS	Direct*	Dollars (000's)
Outclearings	9,841,252		\$ 6,168,235
Inclearings	8,347,525	5,501,984	\$ 895,753
*from Viewpoint and other Clearing House mebers			
Automated Clearing House Transactions			
	FRB MPLS		Dollars (\$000's)
Originated	133,203,836		\$ 122,259,950
Received	583,081		\$ 10,868,161
Same Day	6,133,183		
Wire Transfers			
	FRB MPLS		Dollars (\$000's)
Originated	23,188		\$ 16,700,146
Received	25,946		\$ 19,036,947
Instant Payments			
	FRB MPLS**	FRB NY***	Dollars (\$000's)
RTP		566,831	\$ 479,672
FedNow	165,558		\$ 130,963
** FedNow Settles in Master Account at FRB Minneapolis			
*** RTP Settles in a Joint Account at FRB NY			

Our Bank has relied on the Reserve Banks as our primary correspondents since our opening. The Reserve Banks are our trusted business partners for all forms of settlement, Check, ACH, Wire, and Instant Payments between large and small FI's alike.

While we recognize that check and payable through items (checks) usage has declined nationally, as the decline in our own volume indicates, checks continue to play a vital role in commerce nationwide as an origination document that can be converted to an image or an ACH transaction. Any investment the Reserve Banks contemplate should revolve around receiving, settling, and sending imaged or ACH transactions of the original paper documents. The goal should not be to eliminate the original paper document because it does facilitate transactions. The goal should be to ensure the paper does not move past the original depository institution. The original depository bank or its customer should do the conversion of the item and

bear the cost of conversion and the electronic transmission to a Reserve Bank or a trusted correspondent.

Depository customers, consumers or businesses, whether rural or city, may face real barriers to adopting electronic payment alternatives. Financial Institutions do not. The Reserve Banks should not be investing in the costly infrastructure necessary to maintain the flow of original paper documents outside the bank of first deposit. Market forces have shown that to be true. Please look back on how fast the Reserve Banks closed regional check processing centers when the banking industry accepted image check processing as a standard.

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. FI's are hesitant to connect, similar to the Reserve Banks' experience with the adoption of Same Day ACH. A NACHA operating rule change, mandating receipt of Same Day ACH credit transactions, was ultimately required to force adoption.

The entire industry needs to invest more in immediate credit push utilization beyond FedNow and RTP. The current environment of immediate payments, whether FedNow or RTP, has shown extraordinarily little actual fraud. An overall universal directory, populated by trusted partners (FI's), with valid account information, operated by the FRB would go a long way to increasing the volume. A directory, maintained by the FRB, would help with the adoption of request to pay, pay by Bank and immediate payments in general with great acceptance from the public.

The last mile traveled for any product can be an expensive one. Additionally, as checks travel that last mile, we need to pass on the higher marginal cost, and FI's wanting to move that paper should bear that cost. The Federal Reserve Banks should also take this opportunity to review its "Principles for the Pricing of Federal Reserve Bank Services."¹ Specifically, Pricing Principal number 7 allows for pricing to "reflect desirable longer-run improvements in the payments system."² I truly believe that the Federal Reserve can apply these principles to the elimination of check movement and at the same time rationalize additional spending for a directory service for greater adoption of immediate payments.

Thank you for the opportunity to comment.

Respectfully,



Michael A. Bilski
Chairman and CEO

¹ The [Monetary Control Act of 1980](#) (act) (title I of Public Law 96-221) requires that fees be set for Federal Reserve Bank services according to a set of pricing principles established by the Board. The act required the Board to put a schedule of fees into effect by September 1, 1981. Services covered by the fee schedules are available to all depository institutions. In preparing the pricing principles and fee schedules, the Board takes into account the objectives of fostering competition, improving the efficiency of the payment mechanism, and lowering costs of these services to society at large. At the same time, the Board is cognizant of, and concerned with, the continuing Federal Reserve responsibility and necessity for maintaining the integrity and reliability of the payment mechanism and providing an adequate level of service nationwide. Last updated November 20, 2008

² [FRB Principles for the Pricing of Federal Reserve Bank Service](#), Pricing Principals number 7.