

BANKERS' BANK, BRADLEE STAMPER

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-C290

Submitter Information

Organization Name: Bankers' Bank

Organization Type: Company

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Please find attached Bankers' Bank comment letter in response to the Board of Governors' Request for Information regarding the Future of the Federal Reserve Banks' Check Services – Docket No. OP-[1874]. We appreciate the opportunity to share our perspective and provide input on this important service.



March 4, 2026

Board of Governors of the Federal Reserve System

RE: Request for Information on the Future of the Federal Reserve Bank's Check Services (Docket Number OP-1874)

Dear Board of Governors of the Federal Reserve System,

I am the President & CEO of Bankers' Bank (Bank), a \$1.5 billion community bank located in Madison, Wisconsin. I am writing to respond to the Federal Reserve Board's Request for Information regarding the future of the Federal Reserve Banks' check services.

The Bank is a special-purpose bank-owned bank providing products and services to community banks throughout the Midwest. For more than 40 years our mission has been to assist our customer banks in providing efficient, cost-effective banking products to their consumer and small business customers.

Our institution serves community banks whose customers, businesses and consumers alike, continue to rely on checks as an essential payment method. As the industry evolves, we recognize the importance of balancing modernization with reliability, security, and equitable access across all financial institutions.

General Position

Checks remain a critical payment instrument for transactions and for segments of the population that face barriers to adopting electronic alternatives. While check volumes have declined, their aggregate value and role in payments underscore the need for a thoughtful approach. We support strategies that preserve the payment rail's reliability and mitigate fraud.

Responses to RFI Questions

1. Importance of Reserve Banks' Check Services Today and Future Role

Today: The Reserve Banks' check services remain vital to settlement integrity, exception handling, and systemic stability. The Federal Reserve plays a key role as a neutral party, providing consistent rules and protections for institutions of all sizes.

Over the next 3 years: Continue to provide deposit and receipt processing. We are amendable to reducing the processing windows and days to create operational efficiencies. Create a working group to review current check fraud types and develop warranties and indemnification processes that are applicable to all sized institutions.

Also, the industry should leverage the private check exchange networks to create consistent fraud resolution processes.

Over the next 10 years: Create a working group to develop business use cases for alternative payment methods to checks. The current economy is dependent upon checks as a ubiquitous payment method. The elimination of the check payment rail would create a payment gap for the unbanked and individuals (elderly) not familiar with electronic payments alternatives. This gap would create a greater fraud opportunity with speed of the alternative payment rails.

Alternatively, the FRB could step aside from the daily processing and act as regulatory agent for setting guidelines for: deadlines, exception processing, and escalation processes.

2. Most Critical Aspects of Current Services

The Federal Reserve establishes foundational rules and regulations for forward and return check processing. Exception processing, particularly adjustments and returns, remains the most critical operational function, as it provides the strongest mechanism for fraud mitigation.

3. Impact of Potential Strategies

Of the strategies outlined, we believe the most effective path is for the Federal Reserve to leverage private clearinghouses for operational processing while focusing its efforts on regulatory oversight, fraud-mitigation standards, and consumer protections.

4. Willingness to Pay or Invest

Our organization is willing to support reasonable fee adjustments for reliability and fraud mitigation, provided they are phased and predictable. We would also support investments in enhanced security features to reduce fraud risk. The cost associated with investments into the check payment rail should be disbursed according to usage. It would be added to the Monthly Check Participation fees.

5. Substitutability of Private Providers

Private providers have the technological capability to manage check clearing volumes and exception items. However, the Federal Reserve offers essential neutrality and impartiality in resolving issues across institutions of all sizes, ensuring balanced outcomes and system-wide fairness.

6. Importance of Checks and Challenges of Alternatives

Checks offer a ubiquitous payment option that does not rely on internet access, mobile-device compatibility, or digital wallet adoption. Transitioning to electronic alternatives can disproportionately impact unbanked, rural, elderly, and low-income populations.

7. Unique Aspects of Checks

Checks offer familiarity, accessibility, and ease of reconciliation. They are widely accepted and do not require specialized technology for payees, making them practical for certain segments.

8. How Alternatives Could Replicate Benefits

Electronic payment methods should strive to mirror checks' ubiquity, low cost, and straightforward reconciliation. Barriers such as onboarding complexity, risk evaluation, and technology expenses continue to impede adoption for small businesses, unbanked, rural, elderly, and low-income populations.

9. Planned or Ongoing Transition Efforts

We support expanding the use of ACH and instant payments where appropriate. However, many communities still depend on checks. We recommend targeted education, incentives, and assisted onboarding to ensure that transitions are inclusive and sustainable.

10. Benefits and Risks to the Payments System

Modernizing the check payment rail can reduce fraud and improve efficiency. Conversely, diminishing support too rapidly could create risks—including systemic disruption, concentration of private-sector market power, and reduced access for vulnerable populations. Any future strategy should incorporate phased implementation and equity safeguards.

Conclusion

We encourage the Board to adopt a balanced approach that enhances security and modernizes processes while preserving the reliability and accessibility of the check payment rail. Thank you for the opportunity to provide comments on this RFI. We welcome ongoing engagement with the Federal Reserve on this important matter.

Sincerely,



Bradlee Stamper
President & CEO
Bankers' Bank