

# DOW CREDIT UNION, ALISON E. TAYLOR

## 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-C343

## Subject

OP-1874

## Submitter Information

**Organization Name:** Dow Credit Union

**Organization Type:** Organization

**Name:** Alison E. Taylor

**Submitted Date:** 03/09/2026

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Attached, please find a comment letter from Dow Credit Union in response to OP-1847. We attempted to submit this online with the following conflicting error messages and wanted to ensure that our comments were recorded.

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Submitted on behalf of Alison Taylor, Controller, Dow Credit Union.

Regards,

Lisa L. Gray  
Director of Services Governance  
[Logo Description automatically generated]  
600 E. Lyon Road, Midland, MI 48640  
989.832.4828 | Mobile: 989.513.6643 | lgray@dowcreditunion.org<mailto:lgray@dowcreditunion.org>  
dowcreditunion.org

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March 9, 2026

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

Via electronic submission at: <https://www.federalreserve.gov/apps/proposals/>

Re: **Docket No. OP-1874 – Request for Information and Comment on the Future of the Federal Reserve Banks’ Check Services (90 FR 57062)**

Dear Deputy Secretary McDonough:

Dow Credit Union appreciates the opportunity to comment on the Board of Governors’ Request for Information and Comment on the future of the Federal Reserve Banks’ check services. We commend the Federal Reserve for seeking broad stakeholder input as it evaluates potential strategic changes that could have significant and long-term implications for the safety, efficiency, and reliability of the U.S. payments system.

Dow Credit Union serves over 80,000 members who continue to rely on checks for certain consumer and business transactions. While we recognize that overall check volumes are declining, the operational and risk challenges associated with checks—particularly fraud—have intensified. Any future strategy for Federal Reserve check services should therefore prioritize fraud mitigation, dispute resolution, and systemic accountability.

### **Check Fraud as the Primary Pain Point**

The most significant challenge Dow Credit Union experiences with checks today is **check fraud**, particularly altered and counterfeit items. Fraud losses and the operational burden associated with resolving check disputes have increased

substantially in recent years, even as check usage declines. This dynamic heightens risk for financial institutions and undermines confidence in the payments system.

### **Gaps in Communication and Dispute Resolution**

Dow Credit Union has identified several structural deficiencies in the current check ecosystem that merit the Federal Reserve's attention:

- **No effective mechanism for communication or dispute resolution** among financial institutions involved in check transactions, resulting in delays, inconsistent outcomes, and increased operational costs.
- **Frequent disregard of valid claims of alteration under Regulation CC** by some financial institutions, or the imposition of unreasonable documentation requirements on the paying bank, despite the regulatory framework placing the burden of proof on the bank of first deposit.
- **Lack of an enforcement mechanism** to ensure consistent application of Regulation CC and related rules when disputes arise, leaving paying banks with limited recourse and contributing to uneven risk allocation across the system.

These gaps create friction, exacerbate fraud losses, and reduce the overall efficiency of check processing. Any future direction for Federal Reserve check services should include consideration of whether—and how—the Federal Reserve can play a constructive role in improving dispute resolution processes and promoting consistent adherence to existing rules.

### **Alignment with Industry Perspectives**

Dow Credit Union also supports and reiterates key themes raised by **NACHA** and the **American Bankers Association (ABA) & Consumer Bankers Association (CBA)** in response to the Federal Reserve's request for input. In particular, we agree that:

- The fifth possible strategy that NACHA proposed, beyond the four articulated by the RFI, should be considered as an option to *clear the declining check volume on an alternate infrastructure such as the ACH infrastructure*. NACHA noted that "While check-to-ACH conversion at the point-of-purchase (the so-called POP conversion), lockbox (accounts receivable or ARC) or back-office (BOC) has been commonplace for consumer check payments for over two decades, the ACH infrastructure and governing rules (the Nacha Operating Rules) also

provide for “check truncation” by which check items are legally check payments but clear on the ACH infrastructure.”

- Collaboration between the Federal Reserve and industry stakeholders is essential to support payment system safety, efficiency, and orderly modernization, particularly during any transition or scaling back of legacy services. We support the suggestion made by the **ABA and CBA** for the FRB to implement a phased, adaptive approach that encourages a thoughtful transition to electronic payments through the *establishment of “an industry working group* including financial institutions, solution providers, core service providers, consumer groups, payment system operators, and corporate check users.”

We encourage the Board to give significant weight to these industry perspectives as it evaluates potential paths forward.

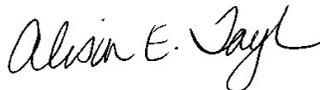
### **Conclusion**

While electronic payments continue to expand, checks remain an important payment method for many consumers and businesses, and changes to Federal Reserve check services should be approached carefully to avoid unintended harm or disruption. Dow Credit Union urges the Federal Reserve to ensure that any future strategy for check services meaningfully addresses fraud risk, improves dispute resolution and accountability, and supports a safe and efficient payments system during a period of transition. We appreciate the opportunity to provide input and stand ready to participate in further dialogue as the Board considers next steps.

Respectfully submitted,

### **Dow Credit Union**

By:



Name: Alison E. Taylor

Title: Controller