

# MERCHANT ADVISORY GROUP, JOHN DRECHNY

## 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-C345

## Submitter Information

**Organization Name:** Merchant Advisory Group

**Organization Type:** Organization

**Name:** John Drechny

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March 9, 2026

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

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

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

Dear Mr. McDonough:

The Merchant Advisory Group (MAG) respectfully submits these comments in response to the Request for Information and Comment on the Future of the Federal Reserve Banks' Check Services issued by the Board of Governors of the Federal Reserve System (Board). The MAG appreciates the opportunity to comment on this important issue. As the Board considers its future approach to check services, we urge attention to consumer preferences and to the role checks play in restraining the overall cost of payment acceptance.

About the MAG. The MAG is a global organization dedicated to driving positive change and innovation in the payments industry through merchant collaboration, education, and advocacy. Representing over 200 of the world's leading merchants across many industries, including airlines, retail, restaurants, insurance, amusement parks, grocery, and software, the MAG facilitates strategic engagement across North America, Europe, and Asia.

Despite long-term declines in volume, checks continue to have a meaningful presence in the U.S. payments system. As the Board notes, the use of checks is especially persistent among certain user groups such as older consumers, rural populations, and lower- and moderate-income households. Checks offer a familiar, accessible, and relatively low-cost option for these users. In 2021, approximately 11 billion checks were written, representing \$27.23 trillion in value.<sup>1</sup> For merchants, these facts translate into a continued need to accept checks to meet customer preferences and preserve access for communities that may face barriers to adopting alternatives.

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<sup>1</sup> [National Payment Volumes, Detailed Data, DFIPS \(CY 2021\)](#), Board of Governors of the Federal Reserve System (March 2025).

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Driving positive change and innovation in the payments industry that serves the merchants  
interest through collaboration, education, and advocacy.

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The U.S. payments ecosystem is evolving, with the advent of new payment technologies such as instant payments and stablecoins.<sup>2</sup> As the landscape continues to shift, checks should remain accessible for those who rely on them. There is a risk of increasing inequity if checks become unreliable before electronic alternatives are practically available to all. The Board has a critical role to play in this process. The Federal Reserve System functions as the industry’s universal clearing backbone, delivering near universal institutional reach, a neutral and standardized clearing path, and guaranteed settlement. The MAG recommends that the Board pursue a course that will preserve reliability and protect the most vulnerable in our communities.

Preserving checks as a payment option also supports a more dynamic marketplace, fostering innovation and providing more diverse choices for both consumers and merchants. The U.S. payment card sector is highly concentrated, with two primary incumbent networks that have exercised market power to impose high merchant acceptance costs and allow elevated fraud rates in the United States. U.S. merchants collectively pay billions of dollars each year in card acceptance fees, costs that are often passed through to consumers in the form of higher prices or, increasingly, surcharges.<sup>3</sup> Credit cards, in particular, are the most expensive form of payment for merchants, with more than \$144 billion in fees paid in 2024 across the major networks.<sup>4</sup> Payment cards in the United States also exhibit disproportionately high fraud losses compared to the rest of the world.<sup>5</sup> Electronic alternatives offered through card-dominated channels can replicate the same fee and fraud dynamics. Whereas banks bear the cost of processing check payments (which are often offset or mitigated by the various fees charged to checking account holders), when payment cards are used, merchants and consumers bear the cost of paying interchange and cardholder fees, respectively. Accordingly, the continued availability of checks helps mitigate the expense and fraud risk of payment card acceptance by preserving a lower-cost payment option for merchants and their customers.

For the foregoing reasons, the MAG respectfully recommends that the Board take steps to preserve reliable access to check services that respect customer choice and sustain competition. Any material change in the Board’s check service offerings should be carefully calibrated to avoid undermining access for check users and the merchants who serve them.

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<sup>2</sup> Tom Groenfeldt, [Real-Time Payments Are Soaring In The U.S.](#), Forbes (Jul. 17, 2025); Justin Bachman, [Stablecoins set to transform cross-border payments](#), PaymentsDive (Aug. 25, 2025).

<sup>3</sup> See CMSPI, [State of the Industry Report: Payments Acceptance Costs](#) (2024) (estimating that U.S. merchants paid \$224 billion to accept card payments in 2023, including \$143 billion in interchange fees).

<sup>4</sup> Nilson Report, Issue No. 1281 (Mar. 2025) at 8.

<sup>5</sup> Nilson Report, Issue No. 1298 at 5 (Dec. 2025) (cards issued in the U.S. accounted for 26.31% of total card volume but 41.87% of worldwide fraud losses).



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MAG members are deeply invested in seeing an American financial system that facilitates modern, efficient, and competitive payments. Sustaining a reliable check option alongside card-based payments and innovative new offerings helps ensure that payment acceptance remains inclusive and competitive, benefiting merchants and the customers we serve. We appreciate the Board's consideration of the merchant perspective and its recognition of the importance and persistence of checks.

Respectfully,

A handwritten signature in black ink, appearing to read "John Drechny". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Drechny  
CEO  
Merchant Advisory Group

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