

MITEK SYSTEMS, INC., JASON GRAY

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-C348

Submitter Information

Organization Name: Mitek Systems, Inc.

Organization Type: Company

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Please find attached comments on behalf of Mitek Systems, Inc.



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

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

Dear Mr. McDonough:

Introduction

Mitek Systems, Inc. (“Mitek”) appreciates the opportunity to provide comments in response to the Board’s Request for Information regarding the future of the Federal Reserve Banks’ check services. The observations below reflect Mitek’s experience supporting financial institutions across multiple deposit channels and are intended to address the Board’s questions regarding the importance of check services, the operational role of Reserve Bank infrastructure, and considerations relevant to the future evolution of the check system.

For more than two decades, Mitek has supported financial institutions in the processing of paper checks across mobile deposit, ATM, branch, and other image-based deposit channels. Mitek technologies help financial institutions capture and analyze check images, extract payment data, and identify potential fraud risks across deposit channels in accordance with clearing and risk-management standards. Mitek’s technologies utilize image analysis, machine learning, and cross-channel risk monitoring in the check ecosystem to help financial institutions reduce losses and improve operational efficiency. Mitek technology supports more than one billion mobile check deposits annually, reflecting sustained, large-scale operational use within the U.S. banking system.

Through this long-standing involvement in high-volume check processing workflows, Mitek has developed practical insight into the operational interdependencies among deposit channels, clearing mechanisms, and risk controls that underpin the modern check ecosystem.

Maintaining reliable check services allows the payments ecosystem to adapt in an orderly manner while preserving consumer choice, operational stability for financial institutions, and equitable access to payment methods. Maintaining this stability also supports the Federal Reserve’s longstanding role in promoting the safety, efficiency, and accessibility of the U.S. payments system in the public interest. As the Federal Reserve continues its efforts to promote both innovation and stability within the U.S. payments system, the Board should maintain the current level of operational reliability and availability of Reserve Bank check services while allowing any longer-term evolution of the check system to occur gradually and in response to demonstrated market adoption of alternatives. Reducing Federal Reserve support for the check ecosystem before viable, widely adopted alternatives are available could degrade



services and serve as a tipping point that accelerates the premature demise of checks, creating significant challenges for consumers and businesses that continue to depend on them.

Economic Importance of Checks

Despite long-term declines in check volumes, checks continue to represent a meaningful component of the U.S. payments ecosystem in terms of transaction value, business usage, and payment accessibility.

According to the Federal Reserve Payments Study 2023, check payments totaled approximately \$27.23 trillion in 2021, representing roughly 21 percent of total noncash payment value in the United States. By transaction value, checks therefore remain one of the largest noncash payment instruments in the U.S. payments system, particularly for higher-value transactions. The study also reports that the average value of check payments increased from \$1,908 in 2018 to \$2,430 in 2021, reflecting the continued role of checks in higher-value transactions.

Detailed data from the study further show that business checks (5.7 billion) exceeded consumer checks (5.2 billion) in 2021, and that business checks represented approximately 76 percent of commercial check payment value, underscoring the continued importance of checks in business-to-business payment activity.

Checks also remain widely used among small businesses. The Federal Reserve Bank of Atlanta reported in 2026, summarizing findings from the 2024 Federal Reserve Payments Insight Business Study, that nearly 80 percent of very small firms and 83 percent of small firms continue to use paper checks for business payments.

Additional survey findings reinforce the continued role of checks in small-business financial management and supplier payments. Findings from the Federal Reserve’s Small Business Credit Survey consistently show that many small firms continue to rely on traditional payment instruments—including checks—for paying suppliers, contractors, and service providers. For many small businesses, checks remain a familiar, widely accepted, and administratively simple payment method, particularly in industries where electronic payment adoption remains uneven.

In addition, many financial institutions—particularly community banks and credit unions—continue to support customers and local businesses that rely on check payments in markets where payment preferences evolve more gradually.

Checks also continue to play an important role in the disbursement of certain government and institutional payments. Federal, state, and local agencies, as well as insurers, courts, and other institutions, continue to rely on check payments in situations where electronic payment enrollment is incomplete or where recipients may lack access to digital payment channels. Maintaining a reliable nationwide check clearing infrastructure therefore supports the orderly distribution of government benefits, insurance claims, legal settlements, tax refunds, and other essential payments that reach millions of households each year.

Financial Inclusion and Vulnerable Populations

Reducing the availability or reliability of check services may disproportionately affect populations that face barriers to adopting electronic alternatives. According to the FDIC’s 2023 National Survey of



Unbanked and Underbanked Households, approximately 7.1 million U.S. households remain unbanked, and roughly 24 million additional households are considered underbanked, meaning they rely in part on alternative financial services such as check cashing or money orders. These households often face structural barriers to fully adopting digital payment methods, including limited broadband access, limited access to traditional banking services, or differing levels of digital literacy.

Older adults, rural residents, and lower-income households also tend to adopt new payment technologies more gradually. In many communities, checks remain a practical and trusted payment instrument for receiving wages, paying rent, reimbursing expenses, or conducting small business transactions. Preserving a reliable check system therefore remains important to ensuring equitable access to payment systems across diverse populations.

For many individuals and small businesses with limited access to digital payment channels, checks continue to serve as a practical bridge between traditional banking services and the broader payments ecosystem. Abruptly reducing the reliability or availability of check clearing infrastructure could disproportionately affect these users by increasing reliance on higher-cost alternative financial services or complicating the receipt of wages, reimbursements, insurance payments, or other essential transactions.

Operational Stability and the Role of Federal Reserve Check Services

Reserve Bank check services play a significant role in maintaining the operational stability of the payments ecosystem. Financial institutions rely on predictable deposit deadlines, processing timelines, adjustment services, and return processes in order to manage funds availability policies, fraud monitoring workflows, and customer expectations.

Strategies that intentionally degrade service reliability—such as reducing processing hours, deposit deadlines, or exception handling capabilities—could introduce avoidable operational risk, disrupt established funds availability and fraud monitoring processes, and shift additional cost and complexity onto financial institutions and their customers. Such changes could effectively force migration away from checks before functionally equivalent and widely accessible alternatives are available.

The Federal Reserve's role as a neutral, nationwide provider of check clearing infrastructure provides important systemic benefits to financial institutions of all sizes. Reserve Bank services help ensure consistent access to check clearing across geographic regions and institutional sizes, supporting community banks, credit unions, and smaller financial institutions that might otherwise face limited clearing options. Maintaining this broadly accessible infrastructure while checks remain materially used supports stability and confidence in the payments system and is consistent with the Federal Reserve's longstanding role in supporting nationwide payment system accessibility and reliability.

From a systemic perspective, maintaining multiple payment rails is critical to the overall resilience of the U.S. payments ecosystem. Different payment mechanisms operate through distinct operational processes, technologies, and risk controls. Preserving a diverse set of payment options—including checks—helps ensure that disruptions affecting one payment channel do not impair the functioning of the broader payments system. Maintaining diverse payment rails can also help mitigate the risk of excessive concentration in a limited number of private payment networks as the payments landscape continues to evolve.



Policy Recommendations

In evaluating the strategic options outlined in the Request for Information, Mitek believes that maintaining the existing infrastructure to preserve the current reliability and availability of Reserve Bank check services represents the most prudent approach. Preserving reliable nationwide check clearing infrastructure aligns with the Federal Reserve's longstanding role in promoting the safety, efficiency, and accessibility of the U.S. payments system. By contrast, strategies that allow service reliability to degrade, materially simplify services, or substantially wind down check clearing infrastructure could introduce operational risk and reduce payment accessibility before alternative systems are universally available. Accordingly, Mitek respectfully recommends that the Board consider the following principles as it evaluates the future of Reserve Bank check services:

- **Maintain current service reliability.** The Federal Reserve should maintain the current level of availability, reliability, and operational support for Reserve Bank check services. Maintaining operational stability will allow financial institutions, businesses, and consumers to adapt to evolving payment technologies without introducing unnecessary disruption into established payment workflows.
- **Avoid strategies that intentionally degrade service reliability.** Approaches that reduce deposit deadlines, operating hours, adjustment services, or overall resiliency could introduce operational risk and shift additional cost and complexity onto financial institutions and their customers. Service degradation could also accelerate migration away from checks before accessible alternatives are universally available.
- **Allow long-term evolution to be market-led.** Changes to the Federal Reserve's role should occur gradually and in response to demonstrated adoption of alternative payment methods. Any changes should be informed by evidence that alternative payment options can replicate the accessibility, reliability, and nationwide reach currently provided by check infrastructure.
- **Preserve equitable access to payment systems.** Reliable check services remain important for certain consumers, small businesses, and community-based financial institutions. Maintaining accessible check infrastructure helps ensure that the evolution of the payments system does not disproportionately disadvantage populations with fewer payment options.
- **Maintain a diverse, multi-rail payments ecosystem.** Checks continue to provide resilience, redundancy, and operational continuity within the broader U.S. payments system. Maintaining multiple payment rails supports system stability and ensures that businesses and consumers retain reliable payment options during periods of technological change or operational disruption.

Conclusion

Checks remain an economically meaningful component of the U.S. payments system and continue to serve important roles for businesses, consumers, and financial institutions across the country. While the U.S. payments landscape will continue to evolve, any transition away from legacy payment rails should occur gradually and in response to demonstrated market readiness rather than through premature withdrawal of critical infrastructure.



These considerations support maintaining the current level of support and reliability of Reserve Bank check services and avoiding strategies that degrade service availability or prematurely wind down check processing while checks remain materially used in the U.S. economy.

Mitek appreciates the Board's careful consideration of the future of Reserve Bank check services and the Federal Reserve's ongoing commitment to maintaining a safe, resilient, and accessible payments system. We would welcome the opportunity to engage further with the Board or its staff as this process continues.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason L. Gray".

Jason L. Gray
Chief Legal Officer
Mitek Systems, Inc.