



September 18, 2025

Jonathan Gould
Comptroller of the Currency, Office of the Comptroller of the Currency
Docket ID OCC-2025-0009

Benjamin W. McDonough
Deputy Secretary, Board of Governors of the Federal Reserve System
Docket No. OP-1866

Jennifer M. Jones
Deputy Executive Secretary, Federal Deposit Insurance Corporation
RIN 3064-ZA49

Dear Mr. Gould, Mr. McDonough, and Ms. Jones:

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 Office of the Comptroller of the Currency (OCC)'s, Board of Governors of the Federal Reserve System (Board)'s, and Federal Deposit Insurance Corporation (FDIC)'s request for information (RFI) on payments fraud.

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.

I applaud the agencies for issuing this RFI and seeking input on ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions to help consumers, businesses, and financial institutions mitigate payments fraud. Community banks continue to be challenged by a rise in fraud and scams across payment types, so agency action is much needed.

Specifically, the Bank has been affected by payments fraud in the following ways:

- There has been a significant increase in the number of fraudulent checks submitted to us for processing, both in cash letters from our customer banks and in those sent the Bank directly.
- Legal and regulatory restrictions severely limit the ability of financial institutions to share details of fraud cases. Effective case management is a challenge because of an inability to review all pertinent details, reducing the likelihood of a fair outcome.

Regulation and Supervision


- Broadly speaking, payments fraud regulations and examiner expectations need to be appropriately tailored to community banks with tiered compliance requirements and deadlines.
- I am concerned that larger banks do not do an adequate job identifying customers applying for accounts, thereby allowing fraudsters into the payment system. The lack of adequate CIP/KYC procedures at larger banks greatly increases the likelihood and velocity of check fraud. This makes the expectation that all payees review paid checks within one business day unreasonable.
- Remedies could include transferring liability for check fraud losses to the bank of first deposit for a longer window, for example within five business days after presentment. This would drive larger banks to improve customer identification processes by shifting liability for check fraud losses away from smaller banks, which lack the resources to readily recover check fraud losses, especially in large volume.
- In addition, regulations should create a structured process for intra-bank submissions and resolution of fraud cases. Today smaller banks are at a disadvantage in working toward fraud resolution. A level playing field for banks of all sizes would assist in this process. This could be an addition to the existing check adjustment platform.
- An effort to *shorten* funds availability, as mentioned in the RFI, would be contrary to my recommendation regarding extending the liability window for the bank of first deposit. In my opinion this would have the effect of increasing fraud and driving customers away from checks to other methods of payment.
- Finally, Regulation CC's six exceptions for extending check deposit hold periods are likely sufficient. However, creating certain mandated holds – new accounts, larger check deposits, higher velocity of deposits, etc. – would further strengthen the check payment system by providing a longer window to resolve fraud cases.

Payments Fraud Data Collection and Information Sharing

- Implementation of a centralized data reporting system, as proposed in the RFI, could assist in fraud case management, but agencies should avoid imposing additional data collection requirements on community banks. History has taught us that such requirements could become a burdensome task whose utility is outweighed by the time and effort needed to maintain it, especially for smaller banks.
- Appropriate safe harbors would improve banks' ability and willingness to share fraud data. For example, expanding the safe harbor offered under section 314(b) of the USA PATRIOT Act (voluntary information sharing), as codified under 31 CFR § 1010.540, to include bank fraud cases in addition to currently permissible purposes (money laundering and terrorist financing).
- If financial institutions were able to share case details under 314(b), the resulting broader perspective would allow for more efficient and effective action to reduce and prevent fraud.

Thank you for the opportunity to provide comments on this RFI. The Bank looks forward to continuing to work with the OCC, FRS, and FDIC, and other stakeholders to protect our customers and communities from the growing threat of payments fraud.

Sincerely,



Bradlee F. Stamper
President & CEO
Bankers' Bank