

September 18, 2025

SUBMITTED via Federal E-rulemaking Portal (www.regulations.gov)

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW
Suite 3E-218
Washington, DC 20219

**RE: Request for Information on Potential Actions to Address Payments Fraud
Docket ID OCC-2025-0009**

SUBMITTED via Federal E-rulemaking Portal (www.regulations.gov)

Ann Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

**RE: Request for Information on Potential Actions to Address Payments Fraud
Docket No. OP-1866**

SUBMITTED via Agency Website (www.fdic.gov/resources/regulations/federal-register-publications/)

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments-RIN 3064-ZA49
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

**RE: Request for Information on Potential Actions to Address Payments Fraud
RIN 3064-ZA49**

Dear Sirs/Mesdames:

This submission is made on behalf of INFiN, A Financial Services Alliance ("INFiN"), in response to the Request for Information on Potential Actions to Address Payments Fraud (the "RFI"), issued by the Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("FRS"), and the Federal Deposit Insurance Corporation ("FDIC") (collectively the "Agencies"), seeking public input on questions related to payments fraud and to identify ways that the OCC, FRS, and FDIC may take actions, collectively or independently to help consumers, businesses and financial

institutions mitigate check, automated clearing house (“ACH”), wire and instant payments fraud.¹ INFiN appreciates the opportunity to respond to the RFI, which addresses issues that are critically important to our members, our bank partners, and the millions of customers we serve.

INFiN, A Financial Services Alliance

INFiN is a national trade association representing the consumer financial services industry. Our membership includes more than 350 community-based financial service providers operating approximately 8,000 financial service center (“FSC”) locations throughout the United States.² The financial services offered by INFiN members include check cashing, money orders, money transfers, pre-paid cards, electronic bill payment services, and other essential financial services. These simple, popular financial solutions play an integral role in the financial lives of millions of American households, helping them to manage their financial obligations and providing essential financial inclusion and stability at convenient and accessible locations.

INFiN members comply with a myriad of applicable state and federal laws, ensuring the delivery of licensed and regulated financial services that provide consumer protection and legal compliance. INFiN members are registered as Money Services Businesses (“MSBs”) with the Financial Crimes Enforcement Network (“FinCEN”), through which we provide regulators with visibility into consumers and transactions conducted outside of banks and other financial institutions.

The Request for Information

INFiN agrees wholeheartedly with the premises underlying the RFI, particularly that payments fraud inflicts significant harm on consumers, businesses, and financial institutions and has the potential to erode public trust in the nation’s payments system. We submit that payments fraud is a multidimensional issue impacting banks, MSBs, retailers, and other check-processing organizations. INFiN’s members and our customers have been victimized by fraudsters that devise schemes to cheat honest businesses and individuals out of hard-earned funds. Payments fraud also impacts on our bank partners, increasing risk and the cost to provide banking services to our industry. INFiN has for many years sought to increase the focus of regulators, lawmakers and the law enforcement community on payment fraud for the benefit of our members and the customers we serve, both business customers and individuals. We appreciate that the RFI is intended to achieve that goal.

INFiN also shares the agencies’ goals of reducing fraud and scams, particularly with respect to the use of paper checks which, as noted, are susceptible to additional risks, due to their physical nature. However, we have significant concerns about measures that, while well-

¹ *Request for Information on Potential Actions to Address Payments Fraud*, 90 Fed. Reg. 26293 (June 20, 2025).

² For more information, visit www.infinalliance.org.

meaning, will accelerate the phase-out of paper checks and disproportionately harm our customers, who are underbanked and unbanked Americans who continue to rely on physical payment instruments. In addition to payroll checks, most checks these days represent payments of tax refunds, federal and state benefit payments, and income-support programs, which are paid to the most vulnerable Americans, and special attention should be paid to ensure that goal of eliminating payment fraud through the elimination of paper checks does not land more heavily on these individuals. We are aware of the other government directives that will eliminate paper checks for the payment of federal government benefits and have raised similar concerns with those efforts.

As we expand upon below, we specifically suggest that the agencies prioritize developing mitigation strategies for duplicate presentment fraud, which occurs when a payee deposits a check electronically using remote deposit capture (“RDC”) technology and subsequently presents the original paper check elsewhere. This request extends to assessing the efficacy of the Federal Reserve’s FedDetect Duplicate Check Notifier Service³ and its scalability for broader use among check-processing entities, and determining whether other real-time, widely available, fraud detection solutions could be implemented to meaningfully address the issue.

Once again, we applaud the goals of reducing or eliminating payment fraud and stand ready to contribute our experience, data, and insights to support this objective.

We are pleased to provide the following responses to questions posed in the RFI that are within our purview:

A. External Collaboration

1. What actions could increase collaboration among stakeholders to address payments fraud?

INFiN submits that the agencies themselves should create ongoing touch points, *e.g.*, joint roundtables, including regulators, banks, industry representatives, and other key stakeholders, to explore the typologies, impacts, and solutions to payment fraud. The leadership of the agencies in creating such meetings, along with the inclusion of all stakeholders, is necessary to ensure that the entire financial services ecosystem participates in providing data and devising potential solutions to these challenges.

3. Which organizations outside of the payments or banking industry might provide additional insights related to payments fraud and be effective collaborators in detecting, preventing, and mitigating payments fraud?

³ The Federal Reserve, [FedDetect® Duplicate Treasury Check Notifier Service](#) (2023).

As the agencies take steps to eliminate payment fraud, we believe it is essential to consider the perspectives and experience of stakeholders with a demonstrated history of serving all corners of the financial community, including unbanked and underbanked communities. INFiN offers this extensive expertise: our hundreds of member companies operate at the intersection of innovation and consumer need, serving tens of millions of Americans who have come to trust and rely on our locations and services. Our industry has a long-standing commitment to delivering regulated, trusted, practical, and convenient solutions – including for those who remain outside or on the periphery of the traditional banking system. As MSBs, INFiN members provide critical reporting to FinCEN and other federal and state law enforcement agencies.

B. Consumer, business, and industry education

5. In general, what types of payments fraud education are most effective, and why? Would different audiences (for example, industry and consumers) benefit from different types of payments fraud education?

The most important aspect of any educational campaign is to reach people where they live, work, and conduct their financial transactions. In millions of cases, America's unbanked and underbanked conduct their business at financial service centers like INFiN members. INFiN member locations are convenient and accessible, and customer service representatives speak the multiple languages spoken in the diverse neighborhoods that are home to customers. Financial service center locations are open for extended days and hours, accommodating people that work multiple and varied shifts. Financial service center locations are welcoming to customers and provide an environment for constructive communication like payments fraud education.

C. Regulation and Supervision

10. The Board, FDIC, and OCC have issued supervisory guidance on numerous topics that relate to payments fraud detection, prevention, and mitigation. Is existing supervisory guidance related to payments fraud sufficient and clear? If not, what new or revised supervisory guidance should the Board, FDIC, and OCC consider issuing on this topic within the respective authorities?

Many of the burdens confronted by INFiN members, including, for example, collecting dishonored checks, fall on our bank partners. The efforts of bank partners to assist MSBs in preventing bad check losses increase the costs associated with banking MSBs and increase the pressure on MSBs and their bank partners in an already challenging banking environment. In the case of Regulation CC, its indemnity provisions are not extended to nonbanks. Therefore, MSBs are forced to instruct their banks to file indemnity claims on their behalf, which are often unsuccessful and place administrative burdens on banks.



Information provided to INFiN by industry banks indicates that in attempting to collect from other banks, they are confronted with non-responsiveness, ignorance of interbank warranties, and prejudice against MSBs, including check cashers. INFiN submits that the agencies should reaffirm existing guidance to banks regarding indemnity obligations under Regulation CC and other applicable regulations, and as explained below, should extend the indemnities provided therein to MSBs and other check-processing organizations.

13. The Board, FDIC, and OCC have received complaints from supervised institutions regarding challenges in resolving disputes about liability for allegedly fraudulent checks. What is the experience of supervised institutions when trying to resolve these types of interbank disputes regarding allegedly fraudulent checks?

See our response to Question 10.

15. Regulation CC provides six exceptions that allow depository institutions to extend deposit hold periods for certain types of deposits, including deposits for which the depository institution has reasonable cause to doubt the collectability of a check. What are the experiences of businesses and consumers when depository institutions invoke this exception in order to delay the availability of depositors' funds?

Despite concerted efforts to shift payments of federal benefits and tax refunds to electronic distribution (direct deposit and debit cards), many recipients will choose to continue receiving payments via Treasury check through the mail. In turn, many recipients may cash their check at an MSB that provides check cashing services. Often enough, and for myriad reasons, Treasury seeks to cancel or place a “stop payment” on a check it has already issued.

Prior to December 2023, if the funds of a stopped check were already disbursed to the recipient, Treasury would nevertheless honor and pay the check. Therefore, Treasury did not hold financial institutions (and by extension MSBs) liable for a payment over cancellation (“POC”). With the amendment of 31 C.F.R. 240, effective December 1, 2023, liability for POCs was shifted, and Treasury can now claw back funds from a financial institution which accepted a stopped check, provided timely notice is provided. If the POC notification is not timely, then the financial institution is absolved of liability.

The current POC regulation results in hardships for recipients of Treasury checks and MSBs. Recipients of these checks are often in need of all their funds immediately. They can access those funds at a check casher, which provides all the funds with no holdback. The result is that MSBs will be liable for all POCs. Furthermore, MSBs are unable to proceed with traditional collection efforts, *e.g.*, Uniform Commercial Code, Holder in Due Course claims, on unpaid Treasury checks because Treasury enjoys sovereign immunity. Thus, MSBs are entirely without recourse when it comes to unpaid Treasury checks, and, therefore, they sustain a loss.

As a result of this liability shift, MSBs are less inclined to accept Treasury checks due to the risk of significant losses. Underserved consumers are inconvenienced and left without essential and immediate access to federal benefits. We submit that Treasury should investigate solutions, including the use of online databases for check verification and the use of electronically issued checks, in order to overcome this problem.

Payments Fraud Data Collection and Information Sharing

16. Broadly, how could payments fraud data collection and information sharing be improved?

It is essential that policymakers, banks, and MSBs understand the economic impact and diverse nature of check fraud and the collective efforts required to address this growing problem. A comprehensive evaluation would be an important step toward enabling regulators and businesses to mitigate check fraud by contributing to the formulation of strategic initiatives and enabling regulators, businesses, and consumers to better safeguard against the associated risks. To this end, we propose that a comprehensive evaluation includes:

- An in-depth review of the current regulatory and operational frameworks governing check fraud prevention, identifying gaps and inefficiencies that contribute to the prevalence of check fraud. We suggest that this includes determining the efficacy of operationalizing the FedDetect Duplicate Check Notifier Service, other real-time fraud-detection systems for scalable use among all check-processing organizations, or other remedies to address the issue of duplicate check presentment.
- A thorough examination of current regulations impacting fraud recovery, particularly an analysis of how Regulation CC and its commentary could be updated to better enable MSBs and banks to recover losses from duplicate presentment fraud and allow further latitude to withhold funds availability when suspicious and unlawful acts are reasonably identified.
- An evaluation of the collaboration among financial institutions, MSBs, postal services, law enforcement, and policymakers in detecting, preventing, and responding to check fraud, to recommend improvements in interagency, interbank, and cross-sector cooperation.
- An assessment of consumer education's role in fraud prevention and the effectiveness of existing educational programs in equipping consumers with the knowledge to protect themselves against check fraud.

19. What types of payments fraud data, if available, would have the largest impact on addressing payments fraud? If these data are not currently being collected or shared, what entities are best positioned to collect and share such data?



See our response to Question 16.

20. Is there a need for centralized databases or repositories for the sharing of payments fraud data across entities? What legal, privacy, or practical risks and challenges could such a centralized database or repository pose? Which entities are best positioned to develop and participate in a centralized database or repository?

There is an acute need for centralized databases that can be accessed by all check-processing organizations, including MSBs. INFiN members would participate in providing payments fraud data to a database. Furthermore, updates should be made to the FedDetect Duplicate Check Notifier Service to allow scalable use for all check-processing organizations. There is also a need for development of alternative technology solutions to allow organizations to ensure that checks have not already been cashed or deposited.

General Questions

23. What types of payments fraud have most impacted your organization and its stakeholders? What tactics have criminals employed when perpetrating these types of payments fraud?

MSBs that provide check cashing services face unique challenges related to duplicate presentment fraud. This form of fraud has presented considerable challenges, comprising over one-quarter of all check adjustments handled by the Federal Reserve in 2022, behind only behind encoding errors.⁴ As long ago as 2010, the American Banker estimated that duplicate check presentment fraud was a \$500 million problem.⁵

Duplicate presentment fraud occurs when a consumer remotely deposits a check using RDC, thereby transmitting a digital image to their bank, and then later cashes the original paper item at an MSB. Since MSBs often retain the original check and are not part of the bank clearing system, they are left exposed without recourse under existing indemnity provisions. This type of fraud is rising due to increased RDC use, mobile banking, and gaps in current Regulation CC enforcement and technological infrastructure.

In sum, rising fraud and the continued widespread use of paper checks present a meaningful opportunity for regulators to create new approaches to address operational and legal barriers to recovery for duplicate presentment. We respectfully urge the Treasury to consider the following targeted regulatory and technical measures to address duplicate presentment fraud:

- **Amend Regulation CC § 229.34(f) – Indemnity Extension:** Currently, the indemnity provisions under Regulation CC apply only to banks. We propose

⁴ The Federal Reserve, [Check Relevance Sustains Issues Facing the Industry](#) (2022).

⁵ The American Banker, [Seeing Double](#) (Nov. 1, 2010).

extending this indemnity to non-bank financial institutions such as MSBs that permanently remove the original paper item from circulation. This can be accomplished by expanding the definition of a “truncating bank” under § 229.2 to include MSBs in possession of the original check and assigning indemnity obligations to RDC-accepting institutions when a duplicate item is subsequently negotiated at an MSB. This amendment would realign incentives and provide MSBs—who act in good faith and contribute to financial inclusion—with the protections necessary to continue serving underbanked populations.

- **Require RDC Deposits to Carry a Virtual Identifier in MICR:** To assist banks in identifying which version of a check to return when faced with duplicate presentments, RDC systems should be required to include a unique virtual digit or identifier in the MICR line of RDC-submitted items. This feature would allow drawee banks to automatically distinguish between RDC and physical items, facilitating correct and efficient item returns. Such a requirement would also reduce interbank disputes and eliminate guesswork about which item to dishonor.
- **Issue Guidance on Proper Use of Return Codes:** Financial institutions often use “Refer to Maker” (RTM) as a catch-all return code. This is inefficient and burdensome, as it conceals the true reason for return, delays resolution, and increases investigative and compliance costs for MSBs and other institutions. Therefore, we propose that relevant regulators issue guidance requiring more accurate and specific return codes, especially in duplicate presentment cases.
- **Require Timely Claim Settlement Under Regulation CC:** There is inconsistency among banks in responding to Regulation CC claims, particularly those filed by non-bank entities. Guidance should clarify that all institutions, including large banks, must timely process and pay valid claims under § 229.34, and that failure to do so undermines the purpose of Regulation CC and exposes the system to avoidable fraud risk.
- **Standardize Interbank Dispute Resolution Protocols:** Disputes involving duplicate presentment—especially when one item is processed via RDC and the other at a physical location—are increasingly common. We recommend a uniform dispute resolution process with clear timeframes and obligations, modeled on existing ACH or card network dispute frameworks, to resolve such conflicts swiftly and equitably.
- **Create a National Real-Time Duplicate Check Verification Database:** A long-term solution to duplicate presentment fraud is a real-time, nationwide database where participating banks and MSBs upload identifying information about presented checks. Features should include ability to confirm whether a check has already been deposited or cashed, privacy-protecting feedback, limited to a binary response (e.g., “already deposited” or “not yet presented”), like the Treasury Check

Verification System (TCVS), Point of Sale (“POS”) integration with check cashing and bank teller systems to allow real-time lookup prior to acceptance. This database could be modeled on and potentially integrated with existing check image exchange frameworks (e.g., the Fed, ECCHO) and should be available to both banks and licensed MSBs.

- **Enhance TCVS with One-Time Passcode for Treasury Checks:** We urge the Treasury to enhance the TCVS specifically for Treasury checks by adding an optional one-time passcode (OTP) feature that provides, upon lookup of a Treasury check via TCVS, the system would return a unique OTP, and the MSB or bank would be required to write this OTP on the face of the check. Treasury would then honor only checks that bear a valid OTP, effectively neutralizing the risk of duplicate deposits. This would prevent Treasury checks from being remotely deposited and later cashed physically, ensuring single presentment while maintaining accessibility for those without bank accounts.

Duplicate presentment fraud, particularly when involving RDC and subsequent check cashing, poses significant risks to MSBs and the broader payments system. The above proposals are technically feasible, regulatorily sound, and responsive to key questions in the RFI concerning fraud mitigation, payments modernization, and inter-institutional coordination.

Conclusion

Thank you for your leadership on this issue. We look forward to engaging with the agencies to advance our shared goals with respect to the elimination of payments fraud. We also welcome further dialogue and would be pleased to participate in any stakeholder roundtables or implementation working groups.

Respectfully submitted,



Edward P. D'Alessio
Executive Director

