



September 18, 2025

**VIA E-MAIL ONLY**

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

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

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**

To whom it may concern,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing nearly 180 state and nationally chartered banks, savings banks, and savings and loan associations of all sizes located in Wisconsin, their branches, and over 30,000 employees. WBA appreciates the opportunity to comment on the Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation (collectively, the agencies) Request for Information regarding potential actions to address payments fraud (RFI).

WBA would like to thank the agencies for recognizing the significant challenges that fraud presents to the banking industry and for taking the time to solicit feedback. This engagement demonstrates a strong commitment to collaborative problem-solving and to ensuring that regulatory approaches reflect real-world conditions. Our members are committed to protecting customers and maintaining the integrity of the payments system, yet they face increasing challenges from fraud schemes that exploit both legacy and emerging payment channels. Indeed, Wisconsin banks frequently report payments frauds (including scams and other similar criminal activity) as one of the most significant challenges faced by the industry right now. The RFI correctly identifies the need for collaboration, education, regulatory clarity, and improved tools to mitigate fraud. Our comments below address these themes and provide practical recommendations based on the operational realities of community banks.

**Operational Realities: What Banks Are Facing Today**



Fraud mitigation is a daily operational challenge for banks. As part of a broader-focused comment, WBA would like to share examples of persistent struggles the industry faces in this area. While these issues may not lend themselves to direct solutions through regulation or guidance, we believe it is important for the agencies to be aware of them. Instead, the industry benefits from the agencies' understanding of the environment in which banks operate. These realities should be considered when developing supervisory expectations, conducting examinations, or interpreting existing regulations. Particularly within frameworks such as the Bank Secrecy Act (BSA). Perhaps most importantly, agency support in areas like consumer education, burden reduction, streamlined reporting, and practical implementation guidance can help alleviate the strain fraud places on financial institutions.

### *Interbank Coordination*

Banks report that interbank claims processes are often slow and inconsistent, particularly when counterparties require paper submissions. Mailing claims introduces delays and uncertainty, and banks frequently receive no confirmation of receipt. While some institutions accept claims electronically, others do not, creating friction and slowing resolution.

These challenges are compounded in cases of duplicate presentments, where checks deposited through mobile or remote channels result in disputes that are time-consuming and costly to resolve. Although Regulation CC provides warranties and indemnities intended to allocate liability, in practice these claims can take months and often place a disproportionate burden on smaller banks. Institutions report that duplicate presentments are sometimes routed to the bank perceived as "least resistant," regardless of which deposit occurred first, and that indemnity claims are not always resolved promptly.

Wisconsin banks also report that interbank communication during fraud events remains inconsistent. Finding the correct person to contact, or receiving any cooperation at all, can be difficult. While industry tools such as fraud directories have emerged to help institutions connect quickly, responsiveness varies widely. This can delay urgent recovery efforts and increase the likelihood of unrecoverable losses.

Escalation protocols for fraud claims vary significantly across institutions. Some banks accept email submissions, others require paper forms, and authentication steps are not standardized. These inconsistencies slow down urgent recovery efforts and increase loss exposure. Despite the availability of helpful tools, interbank coordination remains a resource-intensive and often frustrating aspect of fraud mitigation.

A particularly persistent challenge involves disputes over whether a check is "altered" or "counterfeit." Banks report that counterparties often disagree on how to classify the item, and these disagreements can delay resolution or derail claims entirely. Because the classification affects liability and return procedures, inconsistent interpretations create friction and uncertainty. Community banks, in particular, find themselves at a disadvantage when counterparties present these distinctions on top of being difficult to contact.

WBA shares these observations to highlight the operational challenges banks face in resolving interbank disputes and encourages the agencies to consider these realities when evaluating broader strategies to address payments fraud.

### *Endorsement Standards*



Unclear or missing endorsements on the reverse of checks can delay returns and increase loss exposure. While Regulation CC and X9 standards already specify endorsement placement and content, inconsistent compliance during the deposit process creates operational challenges. When endorsements are incomplete, misplaced, or obscured by other markings, paying banks may struggle to identify the depository bank quickly enough to meet return deadlines.

### *Government and Treasury Checks*

Fraudsters often target government and official checks because these instruments have predictable availability schedules, making it easier to withdraw funds before fraud is detected. Banks also face unique challenges with Treasury checks because, unlike private-sector items governed by Regulation CC, Treasury reclamation rules allow the government to recover funds long after the check has cleared and the money has left the account. This creates open-ended liability for banks and increases loss exposure. WBA shares this observation to highlight the heightened fraud risk associated with government checks and the operational strain caused by extended reclamation timelines. While federal law already promotes electronic payments, expanding direct deposit usage and continuing to reduce reliance on paper checks would help mitigate these risks over time.

## **Payments Fraud Data and Information Sharing**

### *Centralized Reporting*

Today, victims must navigate multiple reporting channels, including the FTC's ReportFraud site and the FBI's IC3 portal. Banks frequently hear from customers who feel overwhelmed, confused, or unsure of what steps to take when they experience fraud. This confusion can delay reporting and resolution and may contribute to underreporting. Wisconsin banks encourage their customers to report but often find that customers are unaware they can do so, or do not know where to begin.

In the RFI, the agencies ask whether there is a need for centralized databases or repositories for payments fraud data. WBA encourages the agencies to consider these consumer-facing challenges when designing fraud reporting systems, educational materials, and intake processes. Any future efforts should prioritize clarity, accessibility, and coordination across agencies to reduce confusion and improve outcomes for victims.

Separately, banks report that fragmented and inconsistent fraud data across agencies and platforms can hinder efforts to detect emerging schemes and prevent repeat victimization. WBA further encourages the agencies to evaluate whether a centralized or federated model would support their own supervisory, enforcement, or policy objectives. Any such effort should be designed with operational realities in mind, including the limited capacity of community banks to ingest and act on external data feeds. Clarity, privacy safeguards, and practical utility should be prioritized.

### *Standardized Taxonomies*

The FraudClassifier and ScamClassifier models, developed by the Federal Reserve, offer standardized frameworks for categorizing types of fraud and scams across payment systems. These models are designed to help financial institutions, service providers, and regulators consistently identify and report fraud incidents using a common language. For example, rather than relying on institution-specific terminology or vague descriptors, these models allow organizations to classify fraud based on attributes such as payment type, authorization status,

and victim profile.

However, inconsistent definitions and reporting practices can hinder analysis, coordination, and fraud mitigation efforts. Mapping return reason codes, such as those used in check and ACH processing, to these standardized taxonomies may be one way to improve data quality and facilitate more consistent reporting across institutions. WBA encourages the agencies to explore whether broader adoption or refinement of these models could help address these challenges and support more effective fraud prevention strategies.

## **Overall Agency Support**

### *Confirmation of Payee and Anomaly Detection*

WBA supports the development of a U.S. confirmation-of-payee utility and expanded anomaly detection services for check, ACH, wire, and instant payments. A confirmation-of-payee system allows a financial institution to verify that the name entered by the sender matches the name on the recipient's account before a payment is initiated. This type of tool can help prevent misdirected payments and impersonation fraud, particularly in cases where fraudsters trick customers into sending money to accounts they do not control. Anomaly detection services, similarly, can help identify unusual transaction patterns that may indicate fraud across various payment channels.

These capabilities are especially important as fraud schemes grow more sophisticated and harder to detect through traditional means. Particularly, smaller institutions often lack the resources to build or maintain complex fraud detection systems. However, WBA emphasizes that any such tools must be designed with already existing burdens in mind. They should offer simple integration and minimal operational burden. Additionally, any support of such a system is contingent on the requirement that any new utility or service must avoid introducing additional complexity, confusion, or compliance obligations. By ensuring accessibility and usability without imposing additional restrictions or requirements, the agencies can help strengthen fraud defenses across the entire banking system.

### *Fraud Contact Directory*

As discussed above, banks frequently encounter delays and inconsistencies when attempting to resolve interbank disputes related to fraudulent checks, duplicate presentments, and other payment anomalies. These delays can result in unnecessary loss exposure, particularly for community banks that lack the leverage or resources to escalate claims effectively. Within the RFI, the agencies propose developing a payments fraud contact directory. WBA supports the concept and offers the following comments.

For such a directory to be effective, it must include:

- Verified contact information for fraud and claims personnel at each institution.
- Recommended or otherwise standardized response timelines to ensure timely engagement during fraud events.
- Authentication protocols to prevent misuse or unauthorized access.
- Standardized escalation procedures to streamline communication and resolution.

While these elements are critical to the directory's success, they are also difficult to implement in practice. Maintaining accurate contact information, enforcing response timelines, and standardizing procedures across institutions of varying size and complexity presents significant

logistical challenges. The balance lies in creating a system that encourages broad participation and consistent engagement without imposing prescriptive requirements that could create compliance obligations or operational burdens.

Indeed, the directory must be voluntary, flexible, and easy to use. It should not introduce new regulatory expectations or require banks to adopt specific technologies or workflows. Community banks, in particular, cannot support a system that adds complexity or cost. Yet, for the directory to be meaningful, it must also foster accountability and responsiveness. This tension between usefulness and burden must be carefully managed.

Banks report that even when tools like fraud directories exist, responsiveness varies widely. A centralized system with clear expectations and shared norms, but without mandates, would significantly improve coordination, reduce delays, and help institutions recover funds more efficiently. WBA encourages the agencies to consider these operational realities when evaluating potential solutions.

### *Instant Payments Fraud*

WBA supports the FedNow Service's fraud reporting requirement as a positive step toward improving transparency and coordination. We encourage the agencies to consider whether similar expectations could be extended across other payment rails. However, we urge caution in doing so. Wisconsin banks already face significant resource constraints, and expanding fraud reporting requirements without scalable implementation options could impose additional operational burdens.

To be effective and equitable, any expanded reporting framework should include:

- Clear definitions and standardized formats to reduce ambiguity and training needs.
- Flexible implementation timelines and tiered expectations based on institution size and risk profile.
- Technical support and guidance to assist smaller institutions with integration.
- Avoidance of duplicative reporting across agencies or systems.

WBA recommends that the agencies carefully evaluate the cost-benefit impact of expanded reporting and ensure that any new requirements are practical, coordinated, and sensitive to the operational realities of community banks.

### *ACH Fraud Monitoring*

The upcoming NACHA rule requiring RDFIs to monitor incoming ACH credits will impose significant costs on community banks, many of which experience very few fraud cases. WBA urges the agencies to coordinate with NACHA to provide clear, risk-based expectations and practical implementation guidance for smaller institutions.

## **Regulation CC-Specific Comments**

### *Return Timeframes*

Although Regulation CC allows two business days for expeditious return, many community banks rely on third-party processors that impose earlier internal deadlines to meet clearing schedules. These deadlines often require same-day or next-morning action, effectively compressing the timeline. If a customer identifies a counterfeit or altered check after these



processor cutoffs, the bank cannot process the return through its normal channel even though the regulation would otherwise permit it. WBA recommends that the agencies consider providing clear confirmation that the two-business-day standard under Reg CC section 229.31 governs compliance. This clarification would give banks, vendors, and examiners a shared understanding of expectations and reduce the perception that missing a processor cutoff equates to noncompliance.

### *Reasonable Cause Exception*

The “reasonable cause to doubt collectability” exception under §229.13(e) is an important tool, and the agencies have provided some examples in existing guidance. However, those examples are limited and do not fully address the scenarios banks encounter today, particularly with counterfeit and altered checks. WBA recommends that the agencies expand on these examples and provide examiner-aligned illustrations of facts that constitute reasonable cause, such as image anomalies, alerts from law enforcement, or known counterfeit series. Clearer expectations would help banks apply holds consistently while preserving timely access for legitimate deposits.

### **Financial Education**

Education remains one of the most effective tools for fraud prevention, and it is an area where the agencies can provide the greatest assistance. WBA recommends a unified national campaign with co-brandable materials for banks, tailored to both consumers and businesses. A coordinated effort, led by the agencies and supported by industry, could unify messaging, reduce confusion, and improve outcomes.

Customers must be equipped with the tools and knowledge to protect themselves. Fraud prevention begins with awareness. Consumers and businesses alike need to know how to spot schemes, when and how to contact their bank, and what legitimate bank communications look like. They should understand the risks of sharing credentials and the importance of monitoring accounts.

As emphasized earlier in this letter, fraud mitigation is not simply a matter of regulatory compliance. It is a matter of real-world behavior. Rules and regulations, while important, cannot substitute for informed and vigilant account holders. A well-informed customer is the first and most effective line of defense.

Educational materials should be simple, accessible, and customizable, allowing banks to tailor outreach to their communities. Messaging should clarify the differences between consumer and business protections, emphasize the importance of account monitoring, and discourage practices such as credential sharing or unverified payments.

The agencies are uniquely positioned to lead this initiative. By leveraging their reach, credibility, and existing partnerships, they can amplify educational messaging and ensure consistency across platforms. WBA also encourages collaboration with law enforcement and state authorities to streamline reporting and improve public awareness. A single reporting portal that feeds data to all relevant agencies would further reduce confusion and improve outcomes.

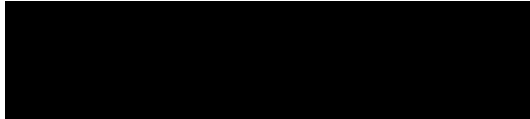


## **Conclusion**

WBA appreciates the agencies' leadership in addressing payments fraud and supports efforts to enhance collaboration, improve regulatory clarity, and provide effective tools for financial institutions. We urge the agencies to consider the recommendations outlined above, which reflect the operational realities of community banks and the need to balance fraud mitigation with customer access and convenience.

Thank you for the opportunity to comment.

Sincerely,



Rose Oswald Poels  
President/CEO