

From: [Jim Bennett](#)
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] June 20, 2025-Request for Information on Potential Actions To Address Payments Fraud; Comment Request (RIN 3064-ZA49)
Date: Monday, September 15, 2025 3:13:29 PM

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

Dear Ms. Jones:

I am the President & CEO of Spratt Savings Bank, a community bank located in Chester, SC. I am writing to respond to the Federal Deposit Insurance Corporation (FDIC)'s request for information (RFI) on payments fraud.

Spratt Savings bank is a \$145 million mutual bank which has operated under the same charter since 1892. We proudly serve as the only community bank in this small rural county of South Carolina.

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. I do believe agency action would be effective and is much needed.

Spratt Savings Bank has seen an astounding level of check fraud over just the last two years. If certain claims are not settled in our favor, losses this year alone will approach \$100,000. This is very significant to a bank our size.

A very large percentage of our losses come from counterfeit and altered checks which have been written on our customer's account and deposited into the fraudster's account at another institution. In most of our cases, the fraudsters have opened their accounts remotely at large institutions. We have implemented software (and are evaluating others) to help curb these losses. But this is extremely expensive for a bank of our size.

The next largest loss category comes from fraudulent checks being deposited into our customers' accounts. By the time they are returned, holds have long expired per current regulations.

External Collaboration

- Our bank certainly supports collaborative stakeholder efforts to address payments fraud. Fraud and scams persist across state borders, so broad or national stakeholder collaboration is necessary to effectively combat the problem.
- Better communication channels between banks with requirements to respond to fraud inquiries is needed. Much of our frustration comes from our inability to communicate with personnel at other institutions who are empowered to act. (e.g. many large banks will simply not allow phone communication.) And it often takes weeks for many banks to provide a simple acknowledgement.
- Uniform claim procedures and forms would be welcomed. When we have a fraud claim against another bank, they all have different forms and means of filing claims. Much time is lost when claims are returned simply because we didn't follow their specific protocol. And, again, phone conversation is impossible with larger institutions.
- Collaboration among banks, federal and state regulators, law enforcement, and other stakeholders can also be an effective way to build connections and share information to protect our customers and other stakeholders. However, effective channels of communication should be required of each participant. And safe harbors should be provided if we are engaging in any effort to protect our customers.

Consumer, Business, and Industry Education

- We believe this is extremely important. Community banks thrive, in part, because of their close customer relationships. Therefore, face-to-face engagement is one of the most effective tools to reach our customers. In-branch material and messaging is also valuable.
- However, fraud occurs despite our best efforts to issue guidance, warnings, or advice on how to fight fraud. So, education alone is certainly not enough.

Regulation and Supervision

- I believe there are opportunities to enhance supervisory guidance and regulations to

combat fraud.

- In our cases of check fraud, I am confident that many banks that allow remote account opening are not exercising sufficient CIP/KYC processes. As a result, they are opening accounts that are being leveraged by fraudsters. I believe an institution that allows remote account opening should be held responsible if their customer uses that account for fraud. They have effectively allowed a criminal into our banking system and should be held responsible for the damage they inflict. Therefore, strengthening the KYC guidelines to include this liability would prevent most of the fraud we have experienced.
- We have had significant difficulty resolving interbank disputes regarding fraudulent checks, especially with larger institutions. As mentioned above, it has been a challenge to deal with banks who each have different procedures to file claims. Once we have met their specific requirements, they will take weeks to respond. And, in all of our larger claims, “form” denials are mailed with little or no contact information provided. And, with one larger bank in particular, we cannot get a reasonable response until we have hired an attorney to issue a demand letter.

It seems to me that the larger institutions take advantage of smaller community banks by simply wearing us down to the point we give up with our claims. Therefore, regulations that require all banks to provide accurate contact information and mandates reasonable response times would be helpful.

- Changes to Regulation CC could help us with fraudulent items deposited by our customers. Specifically, the return deadline related to fraud should be extended. The “reasonable cause to doubt collectability” exception could be clarified, and definitions could be revised (e.g., “altered” and “alteration”). However, hold times should not be shortened; they are an essential tool for banks to detect and prevent check fraud. Financial institutions should have flexibility to extend hold times under appropriate circumstances without fear of violating regulations.
- Technology to detect fraud has been implemented by our bank. But it is extremely expensive for smaller banks like ours. And it is often difficult to implement because of different operating systems. A standardization of this technology could help. And possibly housing this technology at clearing house levels would be a tremendous help.

Payments Fraud Data Collection and Information Sharing

- We desperately need an inter-bank system for check holds. Our MC/VISA payment systems effectively use this. Therefore, a similar system should be considered for checking accounts. If we could return to being able to contact other banks and simply ask if a check is good or not, it would be very valuable. And it would allow us to have an objective measure to use in placing holds.

- Again, appropriate safe harbors should be in place for banks who are trying to protect their customers.
- Community banks would benefit from any automated data collection, analysis, and reporting tools that are integrated with services they already use that do not come with additional costs.

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,

Jim Bennett

President, CEO

Spratt Savings Bank

[REDACTED]

[REDACTED]

NMLS #420137

[REDACTED]

[REDACTED]

NOTICE:The information contained in this message is Bank privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us via email. Thank you.

SECURITY NOTICE:Spratt Savings Bank will never ask you to send non-public private information through e-mail, such as your PIN, Social Security numbers, or account numbers. Please do not respond to any e-mail requesting this type of information.

This message was secured by [Zix®](#).