



FEDERAL RESERVE SYSTEM

[Docket No. OP-1874]

Request for Information and Comment on the Future of the Federal Reserve Banks’

Check Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Request for information and comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) seeks public input on questions related to the future of the Federal Reserve Banks’ (Reserve Banks’) check services. The Board will use responses to this request for information (RFI) to assess possible strategies for the future of the Reserve Banks’ check services, including potentially substantial changes that may have longer run effects on the payments system. In addition, the Board will use responses to this RFI to analyze other actions that the Federal Reserve System could consider with respect to checks, in partnership with the industry, to support the overall safety and efficiency of the payments system.

DATES: Comments must be received by [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by Docket No. OP-[1874], by any of the following methods:

- *Agency Website:* <https://www.federalreserve.gov/apps/proposals/>. Follow the instructions for submitting comments, including attachments. *Preferred Method.*
- *Mail:* Benjamin W. McDonough, Deputy Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.
- *Hand Delivery/Courier:* Same as mailing address.

- *Other Means: publiccomments@frb.gov.* You must include the docket number in the subject line of the message.

Comments received are subject to public disclosure. In general, comments received will be made available on the Board's website at <https://www.federalreserve.gov/apps/proposals/> without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would be not appropriate for public disclosure. Public comments may also be viewed electronically or in person in Room M-4365A, 2001 C St. NW, Washington, DC 20551, between 9 a.m. and 5 p.m. during Federal business weekdays.

FOR FURTHER INFORMATION CONTACT: Kathy Wilson, Retail Payments Manager, and Dani Figueiras, Financial Institution Policy Analyst, Division of Reserve Bank Operations and Payment Systems at (202) 452-3000. For users of text telephone systems (TTY) or any TTY-based Telecommunications Relay Services, please call 711 from any telephone, anywhere in the United States.

SUPPLEMENTARY INFORMATION:

I. Introduction

The paper check has long served as a cornerstone of the nation's payments system. As an alternative to paper currency, checks have historically provided several benefits to users, including convenience, efficiency, and lower risk compared with cash. These important elements contributed to widespread adoption of checks throughout the twentieth century as a preferred noncash payment instrument. Even today, despite the availability of electronic alternatives and growing prevalence of check fraud, checks maintain a meaningful presence in the payments system. However, over the last several

decades, check usage in the United States has declined steadily, even as the overall number of noncash payments has grown considerably.¹

As authorized by Congress, the Reserve Banks have long been an important provider of check collection and processing services (check services), which facilitate the movement of information and funds between banks.² The Reserve Banks continue to play this operational role alongside other, private-sector check services providers, with the Reserve Banks processing millions of checks deposited by banks each day.

In light of the steady decline in check use, the Reserve Banks' aging check infrastructure, and other factors described below, the Board is seeking views from the payments industry and wider public on potential strategies for the future of the Reserve Banks' check services. Such strategies could range from foregoing needed investments to keep operating costs at existing levels, with expected service degradation over time; to significantly simplifying or substantially winding down the services, with reduced operating costs; to investing heavily to maintain and potentially improve the services with higher operating costs. In all cases, such operating costs would need to be recovered through fees charged to depository institutions that use the Reserve Banks' check services, as required by the Monetary Control Act (the MCA).³

¹ See Federal Reserve Board, "Federal Reserve Payments Study: Latest Figures," (2024), available at <https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm>, in tabular form. The Federal Reserve Payments Study is an ongoing effort to estimate aggregate trends in noncash payments in the United States. Reports and updated data are periodically released by the Board at <https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm>. Estimates from the Federal Reserve Payments Study are produced on a triennial basis, except for card payments which are estimated annually.

² See Check Clearing and Collection, Circular No. 1, Series of 1916, 2 Fed. Res. Bull. 259 (May 1, 1916) (announcing the establishment of a check collection and clearing system operated by the Reserve Banks). The need to improve the nation's check-clearing system was one rationale for the founding of the Federal Reserve System through the Federal Reserve Act. See The Federal Reserve System, "The Federal Reserve in the Payments Mechanism," (January 1998), available at <https://fraser.stlouisfed.org/title/federal-reserve-payments-mechanism-7148>.

³ See 12 U.S.C. § 248a. See also Principles for the Pricing of Federal Reserve Bank Services, 46 FR 1338, 1339 (Jan. 6, 1981), available at https://www.federalreserve.gov/paymentsystems/pfs_principles.htm. The MCA requires the Federal Reserve to recover the direct and indirect costs of providing its priced services over the long run. The Board currently views a 10-year cost recovery expectation as appropriate for assessing mature services, which are those that have achieved a critical mass of customer participation and

To better assess these potential strategies and the related tradeoffs, the Federal Reserve is also seeking public input on factors that it should consider with respect to the future of its check services, such as the importance and persistence of checks in the U.S. payments system and the public’s willingness to incur additional costs or make additional investments to support the continued use of checks.

II. Trends in Check Usage

At the turn of the twenty-first century, more than 40 billion checks were written annually in the United States, greater than the total number of automated clearinghouse (ACH), credit card, debit card, and prepaid card transactions combined.⁴ The number of checks written has steadily declined since then while the use of other payment methods has grown; about 11 billion checks were written in 2021, accounting for approximately 5 percent of overall noncash payments.⁵ Despite the overall decline in the number of checks written, however, checks continue to have a notable presence in the payments system; in 2021, the value of check payments stood at \$27.23 trillion, which was approximately 21 percent of noncash payments value.⁶

The substantial decline in check use can be primarily attributed to the increasing availability and use of payment alternatives. Today, there are multiple types of electronic payments that could be used as alternatives to checks, such as instant payments, ACH transactions, credit and debit card payments, and various bank and nonbank payment

generally have stable and predictable volumes, costs, and revenues. Cost recovery includes financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private-sector business provided the services.

⁴ For instance, in 2000 the number of checks (42.6 billion) exceeded the total number of ACH and credit and debit card transactions (29.9 billion). See Federal Reserve Board, “Federal Reserve Payments Study: Latest Figures,” (2024), available at <https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm>, in tabular form <https://www.federalreserve.gov/paymentsystems/2024-The-Federal-Reserve-Payments-Study-Initial-Data-accessible.htm>.

⁵ Ibid.

⁶ See Federal Reserve Board, “The Federal Reserve Payments Study: 2022 Triennial Initial Data Release,” (2023), available at <https://www.federalreserve.gov/paymentsystems/2023-April-The-Federal-Reserve-Payments-Study.htm>.

service alternatives. For example, credit and debit cards (at the point of sale) and ACH payments (for bill and invoice payments) are used more commonly than checks.⁷ In the last decade alone, several major developments in payments have taken place that have facilitated the adoption of alternatives to checks. Notable examples in the United States include the introduction of same-day ACH transactions, the launch of two major instant payment systems, and the rise of many peer-to-peer payment services.⁸ In addition, the

COVID-19 pandemic contributed to the accelerated migration of payments activity to electronic payments.⁹

Still, check usage persists within specific categories of users and use cases, especially for payments between peers (that is, consumer-to-consumer or business-to-business).¹⁰ The enduring use of checks may in part be attributable to unique characteristics of the instrument, such as familiarity, accessibility, low cost for some end users, and the ease of use (for example, mobile deposit), or barriers to adoption of alternatives. For instance, businesses, as primary users of checks, may experience additional costs and barriers to adopting electronic payments, including the need to

⁷ See Federal Reserve Board, “The Federal Reserve Payments Study 2016: Recent Developments in Consumer and Business Choices” (2017), available at <https://www.federalreserve.gov/paymentsystems/2017-june-recent-developments.htm>.

⁸ The Clearing House launched its instant payment system in 2017, and the Federal Reserve implemented its instant payment service in 2023. For purposes of this notice, “instant payments” is defined as payments that can be made at any hour of the day, every day of the year, with immediate funds availability for receivers.

⁹ McKinsey’s 2023 Digital Payments Consumer Survey found that more than 9 out of 10 consumers said they had used some form of digital payment, defined as using a computer or mobile device to purchase goods or services via an app, website, or in-store terminal, over the course of the year. This trend had grown steadily over the survey’s eight years and accelerated during pandemic lockdowns. It first exceeded 80 percent of consumers in 2021. See McKinsey & Company, “Consumer digital payments: Already mainstream, increasingly embedded, still evolving” (2023), <https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/consumer-digital-payments-already-mainstream-increasingly-embedded-still-evolving>.

¹⁰ For data related to how check usage varies across transaction value, age, household income, etc., see Federal Reserve Financial Services, “2024 Diary of Consumer Payment Choice” (2024), <https://www.frbfinancialservices.org/news/research/2024-findings-from-the-diary-of-consumer-payment-choice>.

modernize their treasury practices, accounting processes, and infrastructures for accepting and disbursing payments.¹¹ Other barriers to adopting electronic payments could include requirements by banks for organizations to undergo risk assessments before being able to originate certain payments, such as ACH transfers. Check usage by consumers also varies across factors such as age, geography, and household income. For example, consumers aged 65 or older, who are more likely to use checks than any other age group, may face challenges shifting to other payment methods.¹² As another example, more frequent use of checks is observed among consumers living in rural areas.¹³ Low- and moderate-income individuals are also less likely to use electronic payment methods and may continue to rely on checks more heavily than other populations to pay bills and receive income.¹⁴ For example, low-income consumers are more likely than consumers overall to pay bills using non-electronic methods.¹⁵

¹¹ By value, business checks constituted more than three-quarters of all commercial checks in 2021. *See* Federal Reserve Board, “National Payment Volumes, Detailed Data, DFIPS (CY 2021),” (2025), available at <https://www.federalreserve.gov/paymentsystems/frps-dfips-cy-2021.htm>. Checks are the most commonly accepted form of payment for small businesses, which could pose additional challenges for small businesses transitioning to other payment methods. *See* Fed Small Business, “2024 Report on Payments: Findings from the 2023 Small Business Credit Survey” (2024), <https://www.fedsmallbusiness.org/reports/survey/2024/2024-report-on-payments>.

¹² According to the Federal Reserve Bank of Atlanta, more than 63 percent of consumers aged 65 or older reported writing a check in the last month compared with approximately 4 percent of consumers from the ages 18-24. *See* Kevin Foster, Claire Greene, and Joanna Stavins, “2024 Survey and Diary of Consumer Payment Choice,” Federal Reserve Bank of Atlanta (May 2025), <https://www.atlantafed.org/banking-and-payments/consumer-payments/survey-and-diary-of-consumer-payment-choice/2024-survey-and-diary#Tab2>.

¹³ *See* Claire Greene, Julian Perry, and Joanna Stavins, “Consumer Payment Behavior by Income and Demographics,” Federal Reserve Bank of Boston Working Paper No. 24-2 (2024), <https://www.atlantafed.org/-/media/documents/banking/consumer-payments/research-data-reports/2024/10/07/02--consumer-payment-behavior-by-income-and-demographics.pdf>.

¹⁴ The FDIC’s 2023 National Survey of Unbanked and Underbanked Households showed the proportion of U.S. households that were unbanked was higher among lower-income households. Compared with banked households, higher shares of unbanked households used money orders, check cashing, and money transfer services for the core transactions of paying bills and receiving income. *See* Federal Deposit Insurance Corporation (FDIC), 2023 FDIC National Survey of Unbanked and Underbanked Households (November 2024), <https://www.fdic.gov/household-survey>. *See also* Claire Greene, et al. “US Consumers’ Use of Personal Checks: Evidence from a Diary Survey.” Federal Reserve Bank of Atlanta Research Data Report (2020): 20-1), <https://www.atlantafed.org/-/media/documents/banking/consumer-payments/research-data-reports/2020/02/13/us-consumers-use-of-personal-checks-evidence-from-a-diary-survey/rdr2001.pdf>.

¹⁵ When paying bills, low-income consumers are less likely to use electronic fund transfers and more likely to use paper-based payment methods (cash, money orders, and checks) than consumers overall. *See* Ying

At the same time, the nature and design of the check instrument has made it a growing target for fraud, and from 2018 to 2021, the share of returned checks handled by the Reserve Banks that were potentially fraudulent increased from 10.2 percent to 15 percent.¹⁶ Checks are vulnerable to fraud because checks can be stolen, altered, or forged. For instance, the physical nature of checks makes them susceptible to theft while in transit or when left in unsecured locations.¹⁷ Checks also contain visible sensitive information—the payor’s name, account number, routing number, address, and signature—that can be used by criminals to conduct other forms of payments fraud.¹⁸

Industry Views on the Future of Checks

As the nation’s central bank, the Federal Reserve has regularly partnered with the payments industry to support initiatives aimed at improving the safety and efficiency of the nation’s payments system.¹⁹ In the early 2000s, for example, the Federal Reserve

Lei Toh, “When Paying Bills, Lower-Income Consumers Incur Higher Costs,” Federal Reserve Bank of Kansas City (November 23, 2021), <https://www.kansascityfed.org/research/payments-system-research-briefings/when-paying-bills-low-income-consumers-incur-higher-costs/#:~:text=Moreover%2C%20low%20income%20consumers%20were,mail%2C%20thereby%20incurring%20higher%20costs.>

¹⁶ See Federal Reserve Bank of Atlanta, “Checks Processed by the Federal Reserve in 2021,” <https://www.atlantafed.org/-/media/documents/rprf/publications/check-sample-survey/2023/05/05/2021-survey/report.pdf>. There has been a disproportionate rise in the rate of check fraud relative to other fraud types, even though check volumes have decreased. For example, although check volumes decreased more than 7 percent per year from 2018 to 2021, FinCEN reported a 23 percent increase in suspected check fraud. See Federal Reserve Board, “The Federal Reserve Payments Study: 2022 Triennial Initial Data Release,” (2023), available at <https://www.federalreserve.gov/paymentsystems/2023-April-The-Federal-Reserve-Payments-Study.htm>, and see Financial Crimes Enforcement Network, “FinCEN Alert: Nationwide Surge in Mail Theft-Related Check Fraud Schemes Targeting U.S. Mail” (February 27, 2023), <https://www.fincen.gov/news/news-releases/fincen-alert-nationwide-surge-mail-theft-related-check-fraud-schemes-targeting>.

¹⁷ In 2023, FinCEN collected more than 15,000 Bank Secrecy Act (BSA) reports of mail theft-related check fraud during a seven-month review period. See Financial Crimes Enforcement Network, “Financial Trend Analysis” (2024), <https://www.fincen.gov/sites/default/files/shared/FTA-Check-Fraud-FINAL508.pdf>.

¹⁸ The Association for Financial Professionals reported that a recent rise in ACH fraud could be associated with criminals using the banking information presented on checks to make unauthorized ACH debits. See Association for Financial Professionals, “Payments Fraud and Control Survey Report,” (2025), available at <https://www.truist.com/content/dam/truist-bank/us/en/documents/info/cci/2025-afp-payments-fraud-control-survey-report-key-highlights.pdf>.

¹⁹ With respect to checks, the Federal Reserve made significant contributions to the adoption of magnetic ink character recognition (MICR) in the 1950s, which supported the automation of check processing. See Bill Medley, Federal Reserve Bank of Kansas City, “Highways of Commerce: Central Banking and the

supported the drafting of the Check Clearing for the 21st Century Act (Check 21 Act) and championed significant improvements so that banks could handle checks more quickly and efficiently.²⁰

As technology advanced, providing an increasing number of electronic alternatives, the Federal Reserve established a payment system improvement initiative in 2013. As part of that effort, the Federal Reserve asked for industry input on the role of checks in the U.S. payments system, including industry's interest in migrating away from checks and its sense of how disruptive such a change could be for end users.²¹ While most respondents supported a transition toward electronic alternatives, many indicated a preference for letting market forces determine the pace of migration away from checks and the need for further enhancements to alternative payment methods. Given these responses, the Federal Reserve determined at the time not to materially alter the Reserve Banks' check services.²²

In the decade since, check usage has continued to decline, and further developments in the wider market could lead to a continued, or even accelerated, decline in check volumes. For example, the U.S. Department of Treasury issued an RFI to inform its implementation of Executive Order 14247, which calls for the federal government to transition away from checks to electronic payments for both disbursements and

U.S. Payments System" (July 2014) p. 74-75, available at <https://fraser.stlouisfed.org/title/highways-commerce-7097>. Two decades later, in response to the growing burden of processing paper checks, the Federal Reserve supported the development of the ACH network in the 1970s and 80s. See Medley, p. 72-79.

²⁰ Checks must start in writing as a physical instrument, commonly paper. By agreement, however, banks may rely on an electronic image of the original paper check to facilitate movement of that information electronically, which increases greatly the speed and efficiency of check collection and processing. The Check 21 Act facilitated electronic processing so that banks could rely on an electronic image of the original paper check. Check Clearing for the 21st Century Act, 12 U.S.C. 5001 *et seq.* See Medley, p 105.

²¹ See Federal Reserve Banks, "Payment System Improvement - Public Consultation Paper" (September 2013), available at https://fedpaymentsimprovement.org/wp-content/uploads/2013/09/Payment_System_Improvement-Public_Consultation_Paper.pdf.

²² See Federal Reserve Banks, "Strategies for Improving the U.S. Payment System" (January 2015), <https://fedpaymentsimprovement.org/wp-content/uploads/strategies-improving-us-payment-system.pdf>.

collections, with limited exceptions.²³ Various sources also have indicated there may be changing views on the importance of checks as a way to meet payment needs.²⁴ For instance, as reported in the most recent Survey and Diary of Consumer Payment Choice, consumers rate checks relatively poorly for convenience, security, and speed of payment.²⁵ In addition, consumers in 2024 reported making relatively fewer check payments to payees that commonly used to receive checks (such as contractors, churches, and property managers).²⁶ Notably, every age group wrote fewer checks as a share of all their payments in 2024 than in 2015; even consumers aged 65 and older, who are the highest users of checks, made about 6 percent of their payments by check in 2024, compared with 11 percent in 2015.²⁷

III. The Reserve Banks' Check Services

The check-processing market has been dynamic over time. While the trends discussed above illustrate the increasing availability and use of alternative payment

²³ See Request for Information Related to the Executive Order, “Modernizing Payments To and From America’s Bank Account,” 90 FR 23108 (May 30, 2025).

²⁴ Data indicate that the share of checks written by consumers continues to decline, with consumers reporting an average of only one check payment per month in 2023. See Berhan Bayeh, Emily Cubides, and Shaun O’Brien, “2024 Findings from the Diary of Consumer Payment Choice,” Federal Reserve Banks (2024), <https://www.frbservices.org/binaries/content/assets/crsocms/news/research/2024-diary-of-consumer-payment-choice.pdf>. See also Jonathan Rose, “Check Payments,” Federal Reserve History (September 28, 2023), <https://www.federalreservehistory.org/essays/check-payments>; Mike Timoney, “Why is check fraud suddenly rampant?” Federal Reserve Bank of Boston (August 23, 2023), <https://www.bostonfed.org/news-and-events/news/2023/08/check-fraud-rampant-mike-timoney-column-fraud-awareness-key-to-slowing-surge.aspx>.

²⁵ See Kevin Foster, Claire Greene, and Joanna Stavins, “2024 Survey and Diary of Consumer Payment Choice,” Federal Reserve Bank of Atlanta (May 2025), <https://www.atlantafed.org/banking-and-payments/consumer-payments/survey-and-diary-of-consumer-payment-choice/2024-survey-and-diary#Tab2>. Previous research has found that these ratings are relevant for consumers’ choice to own or use (or to avoid owning or using) various payment instruments. See Joanna Stavins, “How Do Consumers Make Their Payment Choices?” Federal Reserve Bank of Boston (May 31, 2017) <https://www.bostonfed.org/-/media/Documents/Workingpapers/PDF/2017/rdr1701.pdf>.

²⁶ For instance, the share of payments via check decreased from 53 percent in 2017 to 27 percent in 2024 for building contractors, plumbers, electricians, etc. For charitable or religious donations, the share of check payments decreased from 33 percent to 20 percent from 2017 to 2024. See Claire Greene, “Innovations in Payments Acceptance Play out in Consumer Check Use,” Federal Reserve Bank of Atlanta (July 7, 2025), https://www.atlantafed.org/blogs/take-on-payments/2025/07/07/innovations-in-payments-acceptance-play-out-in-consumer-check-use?utm_medium=email&utm_source=mailchimp&utm_campaign=take-on-payments.

²⁷ Ibid.

methods and the rise in check fraud in particular, individuals and organizations continue to write checks, with over 11 billion written in 2021. The Reserve Banks continue to play a significant role in processing this volume, although the total number of checks processed by the Reserve Banks peaked in 1992, and has declined almost every year since. Over the past decade, the Reserve Banks' commercial (nongovernment-issued) check volume declined more than 6 percent on average year over year. Most recently in 2024, the Reserve Banks processed nearly 3.0 billion commercial checks, which is nearly 50 percent less than the 5.7 billion commercial checks the Reserve Banks processed a decade ago.²⁸ Internal estimates indicate that the Reserve Banks currently process nearly half of the nation's check volume overall, though they process a slightly lower portion of the checks sent between depository institutions for payment and a slightly higher portion of the checks returned unpaid.

When a depository institution receives a check deposit drawn on another institution, the depository institution may choose to send the check for collection to the other institution directly, deliver it to the other institution through a private-sector exchange, or use the check-collection services of a correspondent, service provider, or the Reserve Banks. If the depository institution chooses the Reserve Banks' check services, that institution may choose from a menu of electronic and paper options for when and how its checks are sent for collection based on deposit deadlines, the level of check sorting done by the depositing institution, and funds availability for checks deposited. Generally, the Reserve Banks offer four deposit deadlines throughout the day, and different levels of service associated with each of those deposit deadlines. For example,

²⁸ See Federal Reserve Board, "Commercial Checks Collected through the Federal Reserve--Annual Data," https://www.federalreserve.gov/paymentsystems/check_commcheckcolannual.htm. Reserve Bank data on check returns and government checks processed are also reported. See "Commercial Checks Returned through the Federal Reserve--Annual Data," https://www.federalreserve.gov/paymentsystems/check_commcheckretannual.htm. See also "Government Checks Processed by the Federal Reserve--Annual Data," https://www.federalreserve.gov/paymentsystems/check_govcheckprocannual.htm.

the Reserve Banks offer services that allow institutions to choose how quickly their checks are processed and to tailor the processing based on factors such as the dollar amount of the checks or the institution the check is being sent to.

Similarly, when an institution determines not to pay a check (for instance, because the check writer has insufficient funds, or the check is suspected to be fraudulent), the Reserve Banks offer a range of options for sending the check back as a return. In addition, the Reserve Banks offer a variety of other related services, such as information services that produce various reports and discrepancy resolution services for 23 common issues (generally known as check adjustments).

In total, as part of their check services, the Reserve Banks offer more than 240 service variations that support institutions' choices when processing checks. The vast majority of these services involve the processing of electronic check information and images of paper checks, but paper checks may also still be physically deposited for collection or return through the Reserve Banks.

The Future of the Reserve Banks' Check Services

As the total number of checks processed by the Reserve Banks declines, the long-term viability of the Reserve Banks' check services is increasingly at risk. To maintain efficiency, the Reserve Banks significantly reduced their operational footprint between 1979 and 2010, cutting the number of check-processing centers from 48 to one.²⁹ Today, however, the remaining expenditures for the Reserve Banks' check services are largely fixed infrastructure costs, leaving little room for additional cost reductions or efficiency gains that would allow the Reserve Banks to continue providing the same level of check services at current prices while still meeting the cost recovery requirements established by the MCA.

²⁹ See Federal Reserve Bank of St. Louis, "Federal Reserve History: Check Payments" (Sept. 28, 2023) available at <https://www.federalreservehistory.org/essays/check-payments>.

Additionally, the Reserve Banks' check-processing infrastructure is aging and will soon require material investments relative to ongoing operating costs to support existing service levels.³⁰ Upgrading and maintaining the Reserve Banks' check infrastructure will require significant costs that, as required by law, the Reserve Banks would need to recover over the long run through service fees.

Given the magnitude of potential investments, declining volumes, and trends in the check market more broadly, the Board believes that the time is appropriate to analyze a range of possible strategies for the future of the Reserve Banks' check services.³¹ Such range could include:

1. A continuation of the Reserve Banks' check services largely as they exist today without investments to address aging infrastructure. This strategy would allow the Reserve Banks to maintain the existing cost base for operating the services. Over time, however, this strategy would result in significant degradation of the services' reliability, leading to increasingly frequent operational issues, processing failures, and extended service outages.
2. A significant simplification of the Reserve Banks' check services, including discontinuation of certain offerings, with the intention to minimize infrastructure investments that must be recovered through service fees charged to depository institutions as required by the MCA. This strategy could include material changes such as reducing the number of deposit deadlines, limiting hours of operation, eliminating check adjustment services, reducing resiliency levels, or more likely,

³⁰ Operating costs for check services in 2024 were \$104.5 million. *See* Federal Reserve Board, "Federal Reserve Board announces pricing, effective January 1, 2026, for payment services the Federal Reserve Banks provide to banks and credit unions," (December 2025), available at <https://www.federalreserve.gov/newsevents/pressreleases/other20251204a.htm>.

³¹ The Reserve Banks regularly adjust their check services, products, and fees in response to market and other business factors. The Reserve Banks will continue to employ these types of changes in the normal course of managing the check services, including price increases, revisions to products and services, and reductions or enhancements in service depending on the circumstances.

some combination of such changes.³²

3. A substantial wind-down of the Reserve Banks' check services. This strategy would allow the Reserve Banks to eliminate significant operating costs in the foreseeable future.

4. An upgrade to the Reserve Banks' aging check-processing infrastructure, which would require substantial investment. This strategy would continue the Reserve Banks' check services largely as they exist today and maintain the existing reliability of the services. This strategy also could position the Reserve Banks to support potential private-sector initiatives, such as enhancements to support the security of the check instrument itself. Such efforts would result in the Reserve Banks incurring significant additional costs to operate the check services,

which would need to be recovered through service fees charged to depository institutions as required by the MCA.

The listed strategies are not intended to be comprehensive but rather are illustrative examples of potential choices and outcomes for the Reserve Banks' check services.

The Board recognizes that some potential strategies could include significant changes that may affect the Reserve Banks' continued operational presence as a provider of check services. The Board also believes that to assess the future of the Reserve Banks' check services, it is necessary to carefully weigh a number of elements, including the current and potential future desire for the Reserve Banks' check services, how the use of checks and the check industry may evolve in the coming years, the availability of payment alternatives, impacts on the broader payments system, and the benefits and

³² As an example, if the Reserve Banks eliminated check adjustment services, the Reserve Banks would only resolve debit or credit settlement discrepancies caused by the Reserve Banks, and institutions would need to resolve all other types of errors or other issues directly with one another. The Reserve Banks also could consider eliminating value-added check services, such as data reports for checks.

drawbacks of any potential approach. Public input on these factors, among others, will support the Board in identifying and understanding the tradeoffs of potential strategies for the Reserve Banks' check services.

IV. Request for Information

The Federal Reserve is committed to ongoing collaboration with the industry to support a safe and efficient payments system in the United States. The Board recognizes that different strategies for the Reserve Banks' check services could have potentially significant effects on stakeholders, including the financial services industry (for example, banks, processors, and other check service providers) and check users (including individuals and businesses who pay with or receive checks). The Board therefore believes public input at this early stage is essential to assess the future of the Reserve Banks' check services. Specifically, this input will allow the Federal Reserve to analyze possible strategies for the Reserve Banks' check services in light of, among other factors, the public's view of the future of checks in the nation's payments system. If the Board's analysis supports a strategy for the Reserve Banks' check services that may have significant longer-run effects on the nation's payments system, the Board would seek comment again on any specific proposal prior to adoption, consistent with Board policy.³³

The Board also welcomes input on whether there are other actions it should consider as the industry and public reflect on the continued importance of checks. The Board separately released a request for information on "Potential Actions to Address Payments Fraud," including check fraud.³⁴ Accordingly, the Board is not specifically seeking input on check fraud in this RFI and asks for comments in response to this RFI to

³³ See Principles for the Pricing of Federal Reserve Bank Services, 46 FR 1338, 1339 (Jan. 6, 1981), available at https://www.federalreserve.gov/paymentsystems/pfs_principles.htm.

³⁴ The Fraud RFI was a joint release by the Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). Comments were due by September 18, 2025. See Board, OCC, and FDIC, "Request for Information on Potential Actions To Address Payments Fraud," Federal Register (June 20, 2025), <https://www.federalregister.gov/documents/2025/06/20/2025-11280/request-for-information-on-potential-actions-to-address-payments-fraud>.

focus on Reserve Bank check operations and the continued use of checks more broadly.

Respondents are encouraged to respond to the following questions.

1. What is your view of the importance of the Reserve Banks' check services in the United States today? How should the Federal Reserve's role in the provision of check services evolve over the next 3 years and over the next 10 years?
2. What aspects of the Reserve Banks' current check services (for example, deposit deadline options, how quickly checks are processed, discrepancy resolution services, and options for sending a check back as a return) are the most critical, and why?
3. Generally speaking, what would be the impact of different potential strategies for the Reserve Banks' check services, including those discussed above: (1) continuing Reserve Banks' check services largely as they exist today with significantly degraded reliability over time, (2) significantly simplifying Reserve Banks' check services, (3) substantially winding down Reserve Banks' check services, or (4) upgrading the Reserve Banks' check-processing infrastructure to support existing services and reliability? Are there other strategies you believe the Reserve Banks should consider?
4. Would you, your organization, or your community be willing to incur additional costs and fees to continue to use or process checks as you do today? Why or why not? Would you, your organization, or your community be willing to make additional investments such as enhancements to check security features in support of continued use of checks in the future? Why or why not?
5. If your organization relies on the Reserve Banks' check services, directly or indirectly, to what extent could alternative providers offer similar services that meet your needs over the next 3 years and over the next 10 years? For instance, are there unique benefits of the check services provided by the Federal Reserve

that are not otherwise available in the industry?

6. How important are checks to you, your organization, or your community, and how challenging would it be to use alternative payment methods? How might the importance of checks and the challenges associated with using other payment methods change over the next 3 years and over the next 10 years?

7. What are the unique aspects of checks that lead users to continue to use checks?

8. How could other payment methods offer the same benefits as checks if they do not already? Are there any barriers that prevent alternative payment methods from offering the same benefits as checks, or other constraints on adoption of these alternatives?

9. Do you have any planned or ongoing efforts to transition from checks to electronic payments, and why or why not? How can particular communities that may still need to rely on checks, such as the elderly, rural populations, and low- or moderate-income households, be better served?

10. What benefits and risks to the payments system and to the public should the Board consider as it assesses potential strategies for the Reserve Banks' check services?

In addition to these questions above, the Board invites comments on any other considerations it should assess as it evaluates the future of the Reserve Banks' check services.

By order of the Board of Governors of the Federal Reserve System.

Benjamin W. McDonough,
Deputy Secretary of the Board.