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March 6, 2026

Benjamin W. McDonough, Deputy Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Re: Docket No. OP-1874—Request for Information and Comment on the  
Future of the Federal Reserve Banks' Check Services

Dear Mr. McDonough:

The Independent Bankers Association of Texas (IBAT) appreciates the opportunity to comment on the Board's Request for Information ("RFI") and Comment on the Future of the Federal Reserve Banks' Check Services. IBAT represents community banks that provide credit to small businesses, family farmers and ranchers, and consumers across Texas and the nation. IBAT member banks and the communities they serve continue to rely on checks as a critical payment instrument. Ensuring the reasonable, efficient, and dependable processing of checks remains vital to maintaining smooth financial operations for community banks and their customers.

We agree with, and note with concern, Vice Chair Bowman's objection to the RFI and her observation that it "...seems to favor the discontinuation of check services by Reserve Banks." When the one member of the Federal Reserve Board with community bank experience objects to the premise of the RFI, that concern is noteworthy.

Despite decades of hyperbolic language announcing the "death of the check," checks remain an integral, lawful and widely used payment instrument. The Federal Reserve should continue to support its public responsibility to ensure effective and efficient processing of checks, even as new payment systems evolve. As noted in the RFI "The paper check has long served as the cornerstone of the nation's payment system." Any overt - or covert - efforts to diminish check services must be driven by actual industry and consumer preferences, not by the Federal Reserve selecting winners and losers in the payments landscape.

The RFI further notes that paper checks are particularly important "within specific categories of users and use cases, especially for payments between peers (that is, consumer-to-consumer and business-to-business.)" Additionally, certain demographic cohorts are slower to adopt electronic payment options and continue to rely on paper checks. For example, elderly accountholders, low- to moderate- income families, rural ranchers and farmers, as well as small businesses are more likely to use checks. These groups also makeup core segments served by community banks.

Community banks are developing payment strategies regarding new and modern payment methods including 'same day' ACH, FedNow, RTP and Remote Deposit Capture. Texas community banks are investing in and encouraging accountholders to embrace change by providing options that meet their needs without sacrificing paper checks. Importantly, these efforts are intended to expand choice—not to replace or diminish the longstanding utility of paper checks.

### **Summary Recommendations**

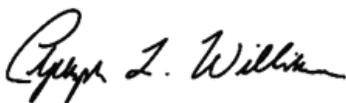
Remain the 'check processing standard.' Continue offering efficient, effective and competitively priced check processing services. If the Federal Reserve maintains quality and price competitiveness, community banks will continue to rely on the Federal Reserve for check processing services.

- Prioritize fraud mitigation. Develop enhanced fraud control tools, data analytics, and regulatory guidance to assist community banks across the country address the significant rise in check fraud.
- Facilitate modernization without degradation. Facilitate payment system modernization, but not at the expense of abandoning or weakening current check processing services.
- Maintain and modernize Federal Check Adjustments and returns. Maintain these services in the near term; do not eliminate them under the guise of simplification.
- Develop and mandate a continuously updated interbank contact directory. Mandate a standardized and regularly updated violation claims portal to address check handling issues.
- Ensure fee transparency and fairness. Fee structures must be transparent, predictable and not disadvantageous to community banks.
- Support data-driven decisions before winding down services. Before reducing or eliminating current processing options, provide studies that include readiness and adoption rates of electronic alternatives among small businesses and vulnerable communities served by community banks.

IBAT supports modernization and innovation that strengthens rather than undermines the check processing and payment systems relied on by Texas community banks AND the communities we serve. Efficient, reliable check processing remains a necessity, and the Federal Reserve should continue fulfilling its public obligation to support this vital component of the nation's payment infrastructure.

We appreciate the opportunity to comment and welcome further engagement.

Respectfully submitted,



Christopher L. Williston VI  
Independent Bankers Association of Texas