



September 18, 2025

Chief Counsel's Office
Attention: Comment Processing
(Docket ID OCC-2025-0009)
Office of the Comptroller of the Currency
400 7th Street SW
Suite 3E-218
Washington, DC 20219

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

Ann E. Misback, Secretary
Attention: Docket No. OP-1866
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 ID OCC-2025-0009; Docket No. OP-1866; RIN 3064-ZA49; 90 Fed. Reg. 26293 (June 20, 2025)

Dear Ladies and Gentlemen:

Better Markets¹ appreciates the opportunity to comment on the request for information (“RFI”) related to fraud in the payments system.² The RFI seeks to identify actions that the Office of the Comptroller of the Currency (“OCC”), the Board of Governors of the Federal Reserve System (“Fed”), and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, “the Agencies”) can take to address fraud in the payments system, including checks, automated clearing house (“ACH”), wire, and instant payment methods.

Every American family and business relies on the payment system for the safe, accurate, and timely processing of financial transactions. From buying groceries to receiving income from work, paying utility bills, and receiving government payments such as social security or veterans' benefits, we all rely on the payment system to function reliably.

¹ Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street, and make our financial system work for all Americans again. Better Markets works with allies—including many in finance—to promote pro-market, pro-business, and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans' jobs, savings, retirements, and more.

² Request for Information on Potential Actions to Address Payments Fraud, 90 Fed. Reg. 26293 (June 20, 2025); <https://www.federalregister.gov/documents/2025/06/20/2025-11280/request-for-information-on-potential-actions-to-address-payments-fraud>.

Without question, the payment system is undergoing a major transformation, with the introduction of a variety of technological advancements, enabling faster and more user-friendly payment methods. In many cases, we can now make payments in seconds using a mobile device or computer, rather than writing a paper check, withdrawing cash from a bank, or setting up a wire transfer.

Unfortunately, even with significant advancements in technology, payment fraud remains an enormous problem for consumers, businesses, and financial institutions:

- More than *one in every five adults* was the victim of financial fraud or scams in 2024.³ Consumers reported *losing \$84 billion that year alone to financial fraud*.⁴
- Nearly *four out of five organizations* report being the victims of actual or attempted payment fraud in 2024.⁵

As detailed in this RFI, check fraud has ballooned in recent years (see Chart 1),⁶ even with the decline in check usage for payments. Checks are particularly vulnerable because they can be stolen, altered, or forged with relative ease, compared to other payment methods.⁷ They also contain several pieces of information—names, addresses, account numbers, and signatures—that enable payment fraud.⁸ In fact, the problem has gotten so bad that in 2024, the U.S. Treasury Department (“Treasury”) included check fraud on its list of national security threats, alongside money laundering, tax crime, illegal online gambling, and unlawful campaign finance.⁹

³ BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, ECONOMIC WELL-BEING OF U.S. HOUSEHOLDS IN 2024, at 3 (May 2025), <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>.

⁴ *Id.* at 60.

⁵ ASSOCIATION FOR FINANCIAL PROFESSIONALS, PAYMENTS FRAUD AND CONTROL SURVEY REPORT 3 (Apr. 2025), <https://www.financialprofessionals.org/training-resources/resources/survey-research-economic-data/Details/payments-fraud>. This survey includes responses from private and public business, government, and nonprofit organizations of all sizes.

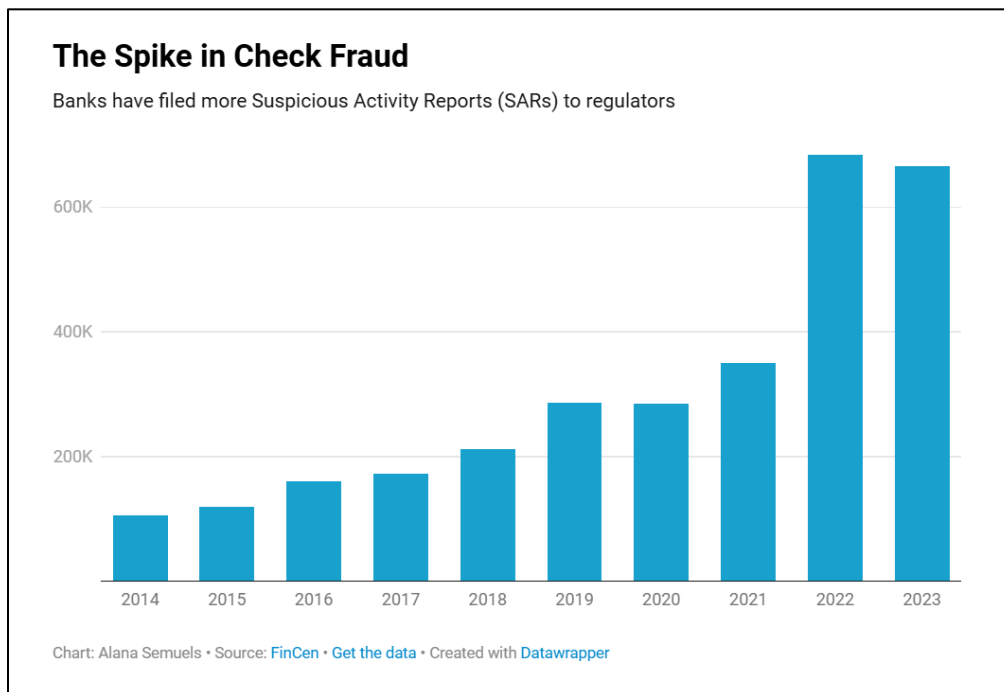
⁶ Alana Semuels, *Defrauded? Banks May Not Give Your Money Back*, TIME (June 13, 2024), <https://time.com/6987981/banks-check-fraud/>.

⁷ Request for Information on Potential Actions to Address Payments Fraud, *supra* note 2, at 26295.

⁸ *Id.*

⁹ See David Pendered, *The Paper Chase: Check Fraud and the Atlanta Fed's Role in Combating It*, Federal Reserve Bank of Atlanta, ECONOMY MATTERS (July 24, 2025), <https://www.atlantafed.org/economy-matters/banking-and-finance/2025/07/24/paper-chase-check-fraud-and-the-atlanta-feds-role-in-combating-it>; U.S. DEPARTMENT OF THE TREASURY, 2024 NATIONAL MONEY LAUNDERING RISK ASSESSMENT (Feb. 2024), <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

Chart 1



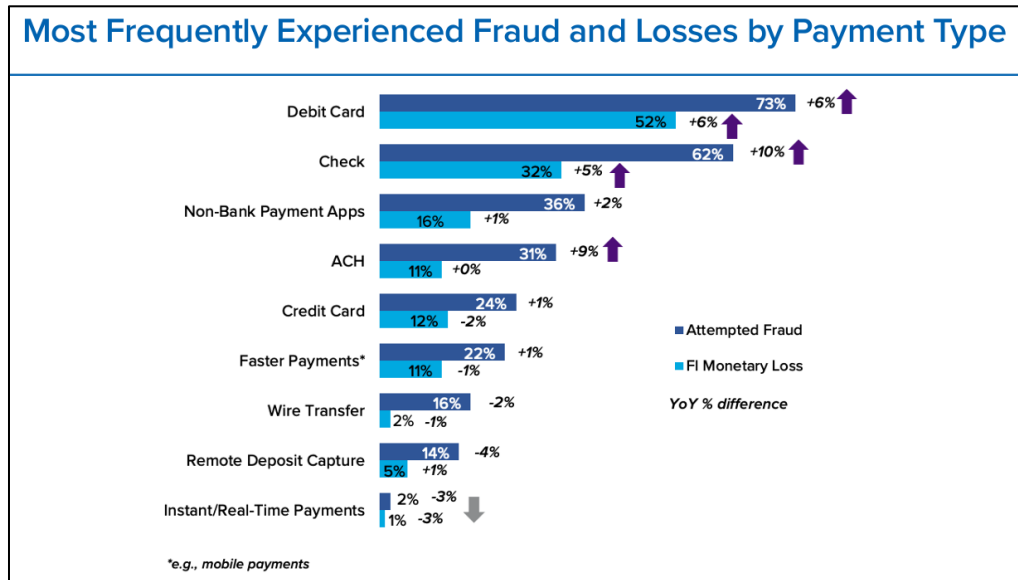
Despite check fraud being an area of focus, both in this RFI and other recent federal government proposals,¹⁰ it is important to understand that *check fraud is not the only type of payment fraud that affects American consumers and businesses*. In fact, check fraud is actually less prevalent than debit card fraud, which is the most frequent type of payment fraud, according to Fed data (see Chart 2).¹¹ Moreover, there are new and emerging threats to the payments system, namely cryptocurrency. In 2024 alone, the Federal Bureau of Investigation (“FBI”) received nearly 150,000 reports of cryptocurrency fraud that caused \$9.3 billion in losses, a 66% increase from one year earlier.¹² Policymakers are right to consider actions and changes that would reduce the harm that *all payment fraud* causes to consumers, businesses, banks, and the government.

¹⁰ See, e.g., Request for Information Related to the Executive Order, “Modernizing Payments To and From America’s Bank Account,” 90 Fed. Reg 23108 (May 30, 2025); <https://www.federalregister.gov/documents/2025/05/30/2025-09766/request-for-information-related-to-the-executive-order-modernizing-payments-to-and-from-americas>.

¹¹ FEDERAL RESERVE FINANCIAL SERVICES, KEY FINDINGS FROM THE ANNUAL FEDERAL RESERVE FINANCIAL SERVICES (FRFS) FINANCIAL INSTITUTION RISK OFFICER SURVEY 4 (2024), <https://www.frbservices.org/binaries/content/assets/crsocms/news/research/2024-risk-officer-survey-results.pdf>.

¹² FEDERAL BUREAU OF INVESTIGATION, INTERNET CRIME REPORT 35-40 (2024), https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf.

Chart 2



We applaud the Agencies’ recognition of the risk and harm that payment fraud causes for consumers, businesses, and banks. We support the Agencies’ efforts to mitigate it, but we also worry about the costs and unintended consequences of this work, including:

- Harm to Underserved Communities; People of Color, Native Americans, and Native Alaskans; Americans Living in Rural Areas; Older Americans; and Unbanked Individuals: Some Americans choose to receive payments by check for legitimate reasons. They may not feel comfortable using electronic payment methods or may not have access to technology. Eliminating check payments or forcing electronic payments for these individuals, who in many cases are the most financially and economically vulnerable in our society, would be a grave mistake, making their already challenging financial lives much more difficult.
- Unintentionally Increasing Fraud Risk: As detailed earlier, Fed data shows that both the number of fraud incidents and the amount of money lost to debit card fraud *exceed* fraud incidents and fraud losses for check payments.¹³ Therefore, the Agencies should carefully assess the benefits and costs of any proposed changes to be sure they are not actually *increasing* the fraud risk for consumers, banks, and the government.
- Potential for Requiring Certain Payments Be Made Using Cryptocurrency: Leaders in Washington and on Wall Street are increasingly supporting efforts to allow the

¹³ FEDERAL RESERVE FINANCIAL SERVICES, *supra* note 11, at 4-5.

cryptocurrency industry to infiltrate our financial system.¹⁴ It is bad enough that financially vulnerable Americans could be forced to shift to electronic payments, but it would be catastrophic if Agencies take action that requires consumers to make and accept payments using cryptocurrency.

- False Information About Cryptocurrency Risks: American consumers rely on the government for accurate risk information. However, the amount of false and misleading information from the government about the risks of cryptocurrency is exploding.¹⁵ This directly harms consumers, puts the payment system at risk, and should be stopped.

In summary, the American people, banks, and the economy need and deserve financial regulators who are vigilant in addressing the real risks that threaten consumers' money, the payment system, and financial stability. Those regulators must take action to protect the public rather than the interests of Wall Street.

BACKGROUND

Each year, Americans make **billions of payment transactions** that **move trillions of dollars** around the economy. The most common payment method, by count of transactions, is debit cards, with about 90 billion transactions per year, followed by credit cards with nearly 60 billion transactions (see Chart 3).¹⁶ Automated clearing house (“ACH”) payments account for the largest volume of money flowing throughout the economy, literally trillions per year (see Chart 4).¹⁷

While both the number and dollar amount of check transactions have declined in the last two decades, checks remain an important method of payment for consumers, small businesses, and the government.¹⁸ The latest data show that more than 11 billion checks are written, deposited, and processed by banks and the Fed annually, for a total of more than \$27 trillion.¹⁹ Main Street Americans who are the recipients of government payments rely on money delivered by checks to pay for everyday necessities such as food, housing, and medical care. Veterans rely on payments from the Veterans Administration, and retired Americans rely on payments from the Social

¹⁴ See, e.g., Amanda Fischer, *Boom Times for Crypto Crime* 2-3, BETTER MARKETS (May 6, 2025), https://bettermarkets.org/wp-content/uploads/2025/05/Better_Markets_Crypto_Crimes_Fact_Sheet-5.6.25.pdf.

¹⁵ See, e.g., Better Markets, *Fact Sheet: “Un” Stablecoins and Risks to Investors, Consumers, and Economic Productivity* (May 23, 2025), <https://bettermarkets.org/wp-content/uploads/2023/05/Better-Markets-Stablecoin-Fact-Sheet-5-23.pdf>; Fischer, *supra* note 14.

¹⁶ Board of Governors of the Federal Reserve System, *Federal Reserve Payments Study: Cards and Alternative Payments, 2021 and 2022* (Nov. 2024), <https://www.federalreserve.gov/paymentsystems/2024-November-The-Federal-Reserve-Payments-Study.htm>.

¹⁷ *Id.*

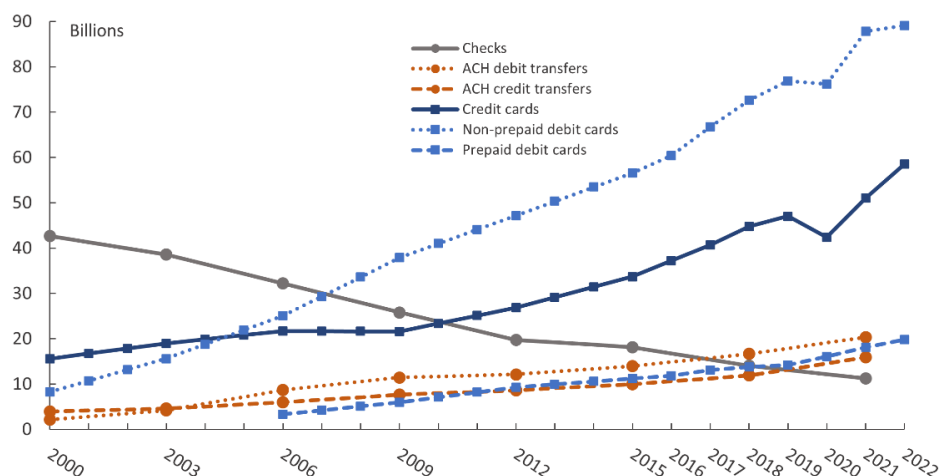
¹⁸ *Id.*

¹⁹ *Id.*

Security Administration to pay for daily needs; many of these payments are also delivered by check.

Chart 3

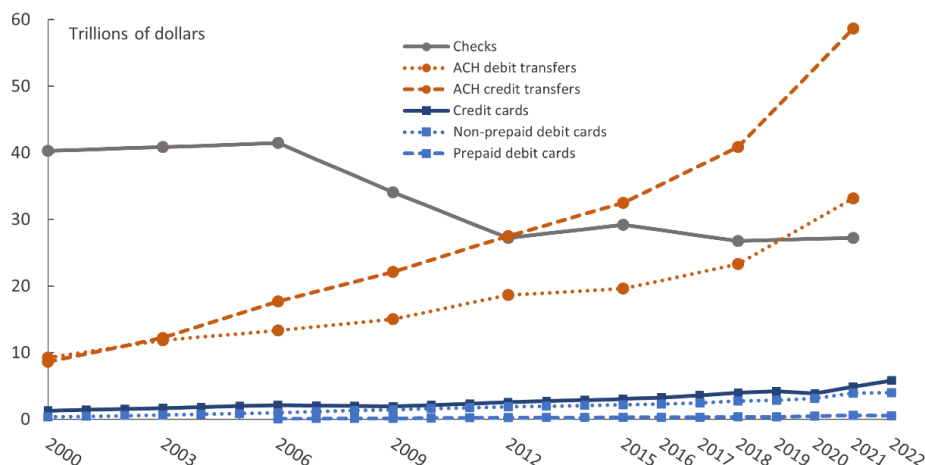
Trends in noncash payments, by number, 2000–22



Note: All estimates are on a triennial basis, except that card payments were estimated for every year since 2015. Credit card payments include general-purpose and private-label versions. Prepaid debit card payments include general-purpose, private-label, and electronic benefits transfer (EBT) versions. Estimates for prepaid debit card payments are not available for 2000 or 2003. The points mark years for which data were collected and estimates were produced. Lines connecting the points are linear interpolations.

Chart 4

Trends in noncash payments, by value, 2000–22



Note: All estimates are on a triennial basis, except that card payments were estimated for every year since 2015. Credit card payments include general-purpose and private-label versions. Prepaid debit card payments include general-purpose, private-label, and electronic benefits transfer (EBT) versions. Estimates for prepaid debit card payments are not available for 2000 or 2003. The points mark years for which data were collected and estimates were produced. Lines connecting the points are linear interpolations.

Treasury has long been aware of payment system fraud problems and has appropriately focused on solutions for several years. We applaud the progress it has made to mitigate check fraud since 2019.²⁰ For example, in partnership with the Internal Revenue Service (“IRS”) and other parts of the government that issue and receive the most payments, significant progress has been made to move check payments to faster, more efficient, and less fraud-prone electronic means. In Fiscal Year 2023, the share of Treasury-disbursed payments that were made electronically was more than 96%, and the share of IRS individual tax refunds paid electronically was nearly 80%.²¹ This shows that while there is certainly room for additional improvement, a large majority of government payments are already being made electronically. It also shows that Treasury has been thoughtful in its approach, recognizing that a one-size-fits-all approach that would abruptly abolish all check payments is not prudent, responsible, or fair policy.

In summary, there are pros and cons with each payment delivery method, and thus, potential challenges and opportunities with any changes. Debit cards and paper checks are the delivery methods most prone to fraud. Direct deposit and ACH are less prone to fraud but require a bank account to receive money, which is a barrier to unbanked individuals. Debit cards that are automatically loaded with funds offer convenience for some people, but could be a frightening or frustrating challenge for individuals who are uncomfortable with technology or unable to use a debit card for their everyday necessities. In short, no solution is perfect. We urge the Agencies to consider all benefits and costs carefully and holistically before making changes, to avoid harming consumers, especially the most vulnerable.

SUMMARY OF THE RFI

This RFI seeks feedback on several areas for improvement and collaboration that could help mitigate payment fraud, including:

- External collaboration;
- Consumer, business, and industry education;
- Regulation and supervision;
- Payments fraud data collection and information sharing; and
- Reserve Banks' operator tools and services.²²

²⁰ U.S. DEPARTMENT OF THE TREASURY, AGENCY PRIORITY GOAL: FISCAL SERVICE MAKES PROGRESS TO REDUCE PAPER CHECKS, <https://web.archive.org/web/20250708225850/https://fiscal.treasury.gov/agency-priority-goal/apg-4-0-article.html> (last visited Sept. 16, 2025).

²¹ *Id.*

²² Request for Information on Potential Actions to Address Payments Fraud, *supra* note 2, at 26295.

COMMENTS

We strongly support the Agencies' work to reduce fraud in the payments system. Not only would less fraud benefit consumers, but it would also benefit banks and the economy. Less time, resources, and money spent recovering from fraud means that more can be spent on productive activities that will grow the economy and benefit consumers and communities.

Our specific comments are as follows:

- Enforcement actions and powers within the Agencies should be increased, especially considering the attempted shuttering of the Consumer Financial Protection Bureau ("CFPB"). The Trump Administration has largely dismantled the CFPB, which was focused on protecting consumers' finances, combating predatory practices, and fighting fraud.²³ The CFPB was an effective partner with the Agencies in protecting against fraud and other misconduct by the largest banks in the country, for the benefit of American families. Now that most of the CFPB staff have been fired and many key rules have been repealed, vacated, or abandoned, consumers have lost the single most important source of help when they are victimized.

Historically, the CFPB received, handled, and publicized a daily average of more than 10,000 consumer complaints, or about 350,000 complaints per month. After the agency was gutted earlier this year, the daily average of complaints handled per day fell by about 75%, to only 2,200.²⁴ ***Importantly, the fraud and other reckless or illegal activities by banks have not stopped, but now consumers are at a severe disadvantage with fewer cops on the beat to protect them.***

The Agencies have also lost significant amounts of staff,²⁵ but that does not mean that they can or should ignore known consumer protection risks, including fraud. ***The Agencies should at least take action to fill in the gaps in fraud protection for consumers left by the near destruction of the CFPB.*** This is necessary because this gap includes the largest, most systemic banks in the country, which have the broadest reach and the greatest ability to harm consumers and the economy. This is the most urgent need because consumer

²³ See, e.g., Press Release, Better Markets, *New Report Highlights Demise of Consumer Financial Protection Regulations under Trump's CFPB and Its Costs for Consumers* (July 23, 2025), <https://bettermarkets.org/newsroom/new-report-highlights-demise-of-consumer-financial-protection-regulations-under-trumps-cfpb-and-its-costs-for-consumers-2/>.

²⁴ Joey Garrison, *Thousands of Consumer Complaints Unanswered After Trump CFPB Purge, Dems Say*, USA TODAY (Feb. 25, 2025), <https://www.usatoday.com/story/news/politics/2025/02/25/cfpb-consumer-complaint-unanswered-trump-firings/80233487007/>.

²⁵ See, e.g., *Financial Regulators Face Deepest Personnel Cuts in Decades*, PYMNTS (May 7, 2025), <https://www.pymnts.com/news/regulation/2025/financial-regulators-face-deepest-personnel-cuts-decades/>.

protection at these large banks is currently being ignored, as Fed Chairman Jerome Powell confirmed earlier this year at a Senate Banking Committee hearing.²⁶

This is a serious and urgent problem that requires cooperation among the Agencies and immediate change. To illustrate the harms that have occurred and the disservice to American consumers, consider the lawsuit against payment company Zelle and three megabanks that used it—JPMorgan Chase, Bank of America, and Wells Fargo. In December 2024, the CFPB filed a lawsuit alleging that fraud was not being responsibly managed or controlled on this payment platform, resulting in \$870 million in consumer losses. Hundreds of thousands of Zelle customers filed complaints with the CFPB. However, in March 2025, the CFPB abandoned its enforcement action.²⁷ More than 150 million American consumers and small businesses use Zelle, and countless consumers and businesses rely on other similar payment systems. The Agencies should take action to develop a plan to protect these consumers and businesses, as well as the banking system.

- Understand and consider all costs associated with proposed actions that would curtail check payments before proceeding, particularly to avoid harming vulnerable and underserved Americans. Millions of families in America do not have access to a bank or are not comfortable using electronic payment systems.²⁸ A wholesale move away from paper checks, simply because they are susceptible to fraud, may be considered an ideal solution for some. However, this is too narrow a lens through which to view the problem. We urge the Agencies to open the aperture and consider all costs—especially the human costs—before making changes to the payments system.

There are many Americans who would be severely harmed by a move to cut off check payments, including people of color who are not comfortable opening a bank account to receive a direct deposit payment, Americans living in rural areas without reliable internet service, families living on tribal land nowhere near a bank location, older Americans who are unable or uncomfortable with transitioning to electronic payments, and other unbanked individuals. These individuals are among the most financially vulnerable and absolutely rely on government payments or other payments made by check for daily living needs.

²⁶ See, e.g., *Fed's Powell: No Agency Other Than CFPB Tasked With Consumer Protection Enforcement*, REUTERS (Feb. 11, 2025), <https://www.reuters.com/world/us/feds-powell-no-agency-other-than-cfpb-tasked-with-consumer-protection-2025-02-11/>.

²⁷ See, e.g., Justin Bachman, *CFPB Drops Fraud Suit Against Zelle's Operator, Big Banks*, PAYMENTS DIVE (Mar. 4, 2025), <https://www.paymentsdive.com/news/cfpb-drops-fraud-suit-against-zelle-jpmorgan-wells-bank-of-america/741546/>.

²⁸ See, e.g., FEDERAL DEPOSIT INSURANCE CORPORATION, FDIC NATIONAL SURVEY OF UNBANKED AND UNDERBANKED HOUSEHOLDS 1, 23 (2023), <https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-report>.

- Explore and implement methods to limit fraud related to debit card electronic payments. We applaud the Agencies for considering payment options that are less exposed to fraud to protect the integrity of payments. Of course, consideration of the risks should also be balanced with the potential benefits and convenience of alternative payment methods. Debit cards are a convenient payment method and are often named as a good alternative to paper checks.²⁹ However, data on debit card fraud are very concerning and indicate that debit card payments may actually expose Americans to *more fraud*, not less.³⁰ We recommend that the Agencies thoroughly understand the factors that lead to debit card fraud and take specific action to minimize the incidence of this fraud if they decide to move check payments to debit cards.

Fed data show that payments made through the ACH have a much smaller incidence of fraud than both checks and debit cards,³¹ so using that system could be a beneficial solution for consumers, banks, and the Agencies, of course, subject to the earlier stated concerns about the limitations for unbanked Americans.

- Reject any longer-term plans related to using cryptocurrency for government payments. If the Agencies are genuinely concerned about the risk of fraud, they should take into full account the countless examples of fraud related to cryptocurrency.³² Forcing Americans to make or accept payments using cryptocurrency would be a terrible mistake, and this RFI must not serve as the first step in a broader change in that direction..

For example, Fed Governor Christopher Waller recently *downplayed the risks of everyday Americans using cryptocurrency for retail transactions*:

In any payment transaction, three things happen. First, an object is bought and paid for with another object. Second, there is a technology for conducting this transaction. Finally, there is a technology for recording the history of the transaction and ownership of the objects. For example, I can go to the grocery store and buy an apple and use a digital dollar in my checking account to pay for it. I tap my debit card on a card reader to conduct the transaction. Finally, the machine prints out a receipt, which is the record of the transaction. The same process applies to the crypto world. I buy a meme coin and use a stablecoin as the means of payment. The

²⁹ See, e.g., Modernizing Payments To and From America's Bank Account, 90 Fed. Reg 14001 (Mar. 25, 2025), <https://www.federalregister.gov/documents/2025/03/28/2025-05522/modernizing-payments-to-and-from-americas-bank-account>.

³⁰ FEDERAL RESERVE FINANCIAL SERVICES, *supra* note 11.

³¹ *Id.* at 4-6.

³² See, e.g., Press Release, Better Markets, *Boom Times for Crypto Crime* (May 6, 2025), <https://bettermarkets.org/newsroom/boom-times-for-crypto-crime/>; FEDERAL BUREAU OF INVESTIGATION, *supra* note 12, at 35-40; Cantrell Dumas & Dennis Kelleher, *Crypto's Predatory Targeting of Minority Communities*, Better Markets (Oct. 24, 2024), https://bettermarkets.org/wp-content/uploads/2024/10/Better_Markets_Fact_Sheet_Crypto_Impact_Minorities-10.24.24.pdf.

transaction takes place using a smart contract. Finally, the transaction is recorded on a distributed ledger. ***There is nothing scary about this*** just because it occurs in the decentralized finance or defi world—this is simply new technology to transfer objects and record transactions. ***There is nothing to be afraid of when thinking about using smart contracts, tokenization, or distributed ledgers in everyday transactions.***³³

This narrow, abstract scenario is a dangerous and misleading depiction because it ignores a host of risks and drawbacks surrounding crypto, including the challenges of storing and accessing crypto, the potential lack of liquidity in crypto, the associated fees, the lack of transparency, the potential fluctuations in crypto value (even among “stablecoins”), and above all, the risks arising from the many fraud schemes, hacks, market manipulation, and other illegal activities that crypto attracts. Crypto is indeed very risky. As detailed earlier in this letter, the FBI’s most recent data showed that nearly 150,000 consumers were victims of crypto fraud in 2024 alone, losing \$9.3 billion in that year.³⁴ Moreover, crypto sector intermediaries who are charged with holding customer funds are not complying with cybersecurity requirements tantamount to those that apply in the banking or broker-dealer industries. For example, earlier this year, one crypto exchange was hit by a \$1.5 billion hack, where North Korean attackers stole the money in a matter of minutes and were able to launder it effectively.³⁵ Even Coinbase, a publicly-traded company, reported earlier this year that hackers were able to steal up to \$400 million, including funds held by customers.³⁶

Finally, crypto supporters claim that it is an innovative financial product that can be highly beneficial to those who have been shut out of, exploited by, or discriminated against by the traditional banking and financial systems.³⁷ This could not be further from the truth. Simply put, it is dangerous and wrong if this RFI is the precursor to a wholesale change for all Americans to make and accept payments using cryptocurrency.

³³ Christopher J. Waller, *Technological Advancements in Payments*, Board of Governors of the Federal Reserve System (Aug. 20, 2025), <https://www.federalreserve.gov/newsevents/speech/waller20250820a.htm>.

³⁴ FEDERAL BUREAU OF INVESTIGATION, *supra* note 12, at 35.

³⁵ See Fischer, *supra* note 14, at 5.

³⁶ See Amanda Fischer, *Hacked: Why Coinbase and Other Crypto Brokers Should be Subject to SEC Rules, Better Markets* (May 20, 2025) <https://bettermarkets.substack.com/p/hacked-why-coinbase-and-other-crypto>.

³⁷ Dumas & Kelleher, *supra* note 32.

CONCLUSION

We hope these comments are helpful to the Agencies as they take action to address payment fraud.

Sincerely,



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