



One Mission. Community Banks.

Check Fraud:

Engagement With Federal Bank Regulators

November 2024



Introduction

The Independent Community Bankers of America (ICBA) has advocated for the federal bank regulatory agencies to develop channels for banks to provide feedback related to problems resolving check fraud claims with other FDIC insured depository institutions. This document offers suggestions on when to contact regulators, how to frame feedback, and where to direct your communication based on the experiences of peer community bankers.

This document was developed by community bankers working together as part of ICBA's Check Fraud Task Force. This document is for general information purposes only and is not intended to be, and should not be taken as, legal advice, an endorsement of any specific company or product, or a comprehensive treatment of the subject matter. Please follow internal bank operating procedures and policies and consult with legal counsel for specific questions.

When to Contact Regulators

Community banks have found it helpful to provide feedback to regulators when they are unable to efficiently and effectively work with banks of first deposit to resolve breach of warranty claims related to check fraud. For instance, if a bank of first deposit is being unresponsive, requiring onerous submissions or resubmission of documentation, or improperly denying claims, submitting feedback to a regulator may help elevate the concern.

Similarly, it may be beneficial for community banks to provide feedback to regulators when they believe a bank of first deposit is not following the regulatory framework for Know Your Customer and Customer Identification Programs or for mobile deposits.

It is worth noting, however, that use of the regulatory channels should be limited to claims that are supported by the facts when a bank of first deposit improperly denies a substantiated claim. Feedback mechanisms can only be effective when they provide a complete and substantiated source of information for regulators to use. For instance, community banks should not provide feedback about banks of first deposit that legitimately deny warranty claims, even if the outcome is disappointing.

How to Frame Feedback

While there are no formal requirements for submitting feedback to regulators, community banks should aim to provide as much information as possible to help regulators and banks of first deposit identify the specific check fraud instance without disclosing personally identifiable information about the subject customer or account.



Feedback to regulators could include information about the bank of first deposit, the date(s) and amount(s) of the fraudulent checks, a description of the fraud, and a summary of efforts to resolve the check fraud instance with the bank of first deposit.

Community banks should be aware that regulators' feedback mechanisms are not case management systems, and submitting feedback does not necessarily guarantee that regulators or banks of first deposit will act. Regulators may choose to contact banks of first deposit about specific instances of check fraud. ICBA has also been advised that they may use information provided to help better understand the check fraud landscape and to assist in their supervision and examination efforts combatting the same.

Where to Direct Communication

Communication should be directed to the bank of first deposit's regulator:

Office of the Comptroller of the Currency

ExternalOCCLargeBankFeedback@occ.treas.gov

To determine if the bank is supervised by the OCC, check here: <https://www.occ.gov/about/who-we-are/locations/large-bank-supervision/index-large-bank-supervision.html>

Federal Deposit Insurance Corporation

check_fraud@fdic.gov

To determine if the bank is supervised by the FDIC, check here: <https://banks.data.fdic.gov/bankfind-suite/>

Board of Governors of the Federal Reserve System

Interbank-Payment-Fraud-Complaints@frb.gov

To determine if the bank is supervised by the Federal Reserve, check here: <https://www.ffiec.gov/nicpubweb/content/help/helpaboutnic.htm>