



Community Bankers Association of Illinois

One Mission. **Community Banks.**

CBAI Calls on Regulators to Act and Address Check Fraud

In response to a Request for Information (RFI), the Community Bankers Association of Illinois (CBAI) issued a call to action for the federal prudential banking regulators to address payments, particularly check fraud. [Read CBAI's comment letter.](#)

CBAI's involvement in combating check fraud began several years ago. Three annual member survey results have served as the foundation of our observations and recommendations, which we communicated to the federal banking regulators. These results clearly revealed the harm that check fraud is inflicting on community banks, their customers, and their communities.

Check fraud is being enabled by the largest financial institutions, whose apparent compliance lapses with KYC, CDD, and CIP have allowed fraudulent accounts to be opened (many online) and checks to be fraudulently altered and deposited (many remotely), which later clear back to community banks and their customers' accounts. CBAI called on the OCC, in particular, to address these compliance lapses with the largest banks, as they are responsible for regulating their safety and soundness.

CBAI applauds the regulators for issuing this RFI and for the leadership on this important issue from the Federal Reserve's Vice Chair for Supervision, Miki Bowman. CBAI looks forward to continuing to be an important stakeholder and to help community banks and the banking industry successfully combat payments and check fraud.