



CBAI Continues Its Involvement with a Project to Revise the UCC to Address Check Fraud

Over a year ago, CBAI joined with the ICBA and a group of community bankers on their Check Fraud Task Force in an effort to revise the Uniform Commercial Code (UCC) to address check fraud, including the prompt and reasonable reimbursement by *banks of first deposit* for check fraud returns. [Read the Article.](#)

This involvement in revising the UCC builds on CBAI's multi-year effort to inform the banking regulators to address check fraud in banking and particularly to hold the largest banks in the nation accountable for opening (and allowing to operate) fraudulent accounts – without which the perpetration of this type of financial fraud would not be possible. [Read CBAI Letter to the Banking Regulators.](#)

Most recently, and with input from community bankers and CBAI, the ICBA proposed updates to the Joint Study Committee of the UCC that would allocate losses, establish standards of conduct between banks, and substantially improve community banks' ability to mitigate check fraud. [Read ICBA's Letter to the Joint Study Committee.](#)

Specifically, the letter recommended:

- Updating the definitions of counterfeit item and warranty.
- Uniform standards of conduct for interbank warranty claims.
- Ordinary care for image and mobile deposit channels.
- Warranty parity for official checks.
- Addressing the issue of beneficiary name mismatches.
- Establishing clear responsibilities for instances of account takeover and recovery.
- A safe harbor for protective action taken in good faith.
- Greater coordination with federal law.

In a September 25, 2026, letter to the Joint Study Committee, CBAI recommended moving to the drafting stage as soon as possible, and we look forward to our continued engagement in the revisions of the UCC. [Read CBAI's Letter to the Joint Study Committee.](#)