May 29, 2026

Via Electronic Submission

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

RE: National Bank Non-Interest Charges and Fees
91 Fed. Reg. 22989 (Apr. 29, 2026), Docket ID OCC-2026-0430

To Whom It May Concern:

The American Bankers Association (ABA)[1], the Illinois Bankers Association[2], America's Credit Unions[3], and the Illinois Credit Union League[4] (collectively, the Associations) appreciate the opportunity to comment on the interim final rule published by the Office of the Comptroller of the Currency (OCC). This rulemaking amends the OCC's regulation on national bank charges to make clear national banks' broad authority to charge and receive fees in the course of banking, including interchange fees. *See* 91 Fed. Reg. 22989 (Apr. 29, 2026). The undersigned groups strongly support this amendment, which, both on its own terms and in conjunction with the OCC's parallel order on preemption, eliminates any possible doubt that the Illinois Interchange Fee Prohibition Act (IFPA) is an unlawful encroachment on the uniform national banking and payments system.[5]

This comment letter proceeds in four parts. *First*, we provide a brief overview of why—even before the OCC's recent actions—the National Bank Act (NBA) already gave national banks

[1] The American Bankers Association is the voice of the nation's $26.1 trillion banking industry, which is composed of small, regional, and large banks that together employ over 2 million people, safeguard $20.5 trillion in deposits, and extend $13.7 trillion in loans.

[2] The Illinois Bankers Association is a full-service trade association dedicated to creating a positive business climate for the entire banking industry and the communities we serve. Founded in 1891, the IBA brings together state and national banks and savings banks of all sizes in Illinois. Over 52% of IBA members are community banks with less than $250 million in assets, and over 75% of IBA members are community banks with less than $750 million in assets. Collectively, the IBA represents nearly 90% of the assets of the Illinois banking industry, which employs more than 105,000 men and women in over 5,000 offices across the state.

[3] America's Credit Unions is the unified voice for not-for-profit credit unions, representing more than 95% of the industry's assets and their more than 146 million members nationwide. America's Credit Unions provides strong advocacy, resources and services to protect, empower, and advance credit unions and the people and communities they serve. For more information about America's Credit Unions, visit AmericasCreditUnions.org.

[4] The Illinois Credit Union League is the trade association for nearly 200 state and federal credit unions in Illinois. It focuses on providing legislative and regulatory advocacy, compliance assistance and information, and a wide range of educational and training services to those credit unions, who in turn serve approximately 4.1 million members. More information can be found at www.icul.com.

[5] The Associations are simultaneously submitting a comment letter supporting the OCC's interim final order deeming the IFPA preempted. This letter incorporates the discussion in that letter to the extent relevant.

control over their fees, including interchange fees. *Second*, we explain why the OCC's rulemaking is, nonetheless, a valuable clarification, given the uncertainty created by *Illinois Bankers Ass'n v. Raoul,* 819 F. Supp. 3d 882 (N.D. Ill. 2026), No. 26-1354, 2026 WL 1291987 (7th Cir. May 8, 2026), a recent decision upholding the IFPA's interchange-fee prohibition based on a misunderstanding of the law. *Third*, we emphasize the practical importance of the OCC's clarification: This rulemaking will help neutralize the economic threat posed by the IFPA and similar legislation under consideration in more than 25 other states. In short, such legislation would impose massive implementation costs by forcing national banks and other stakeholders to try to replace the current, nationally uniform banking and payments system with a fragmented and infeasible system reflecting a web of jurisdiction-specific regulations. *Finally*, we offer one suggestion for the OCC's consideration: It can further strengthen the interim final rule by also amending its regulations with respect to federal savings associations.

I. The National Bank Act Already Gives National Banks Broad Fee-Collection Powers.

The NBA gives national banks a wide array of powers to "carry on the business of banking." 12 U.S.C. § 24 (Seventh). By statute, national banks have the power to "receiv[e] deposits," to "loan[] money on personal security," and, more generally, to undertake "all such incidental powers as shall be necessary to carry on the business of banking." *Id.* In turn, these statutory powers give banks broad authority to charge and receive fees.

The authority to charge and receive fees is an inherent component of national banks' statutory powers because banks can engage in the "business of banking" only if they are permitted to obtain compensation for their banking services. 12 U.S.C. § 24 (Seventh). Thus, as the OCC has recognized, "[i]t is a fundamental principle" that a bank's power under "federal banking law to provide a banking service necessarily carries with it the authority to charge for that service." Brief of the Office of the Comptroller of the Currency as *Amicus Curiae*, *Ill. Bankers Ass'n v. Raoul*, No. 1:24-cv-7307, Dkt. 61-1 at 7 (N.D. Ill. Oct. 2, 2024). Accordingly, national banks are free to require fees as a condition of "receiving deposits," "loaning money," and providing all other banking services. 12 U.S.C. § 24 (Seventh).

As a component of this fee-collection authority, it has long been recognized that national banks have the power to collect interchange fees. Interchange fees are the fees that issuers, *i.e.*, banks and other financial institutions that issue credit and debit cards to consumers, collect as part of every credit and debit card transaction. 91 Fed. Reg. 22990 n.3. These fees compensate issuers for their role in providing and administering credit and debit accounts, authorizing transactions, monitoring for fraud, and other services that support the smooth operation of the national payments system. For example, with every credit card transaction, issuers front the consumer's payment in full, allowing the merchant to be paid immediately while the issuer takes on the risk of consumer non-payment. Likewise, issuers provide myriad other services to consumers—such as monthly account statements, cardholder rewards programs, and handling cardholders' fraud and other transaction-related disputes, including by absorbing the cost of fraudulent charges.

National banks' authority to fund these services through interchange fees follows straightforwardly from their statutory authorities under the NBA. Credit cards are simply a modern way of "loaning money on personal security" and debit cards a modern method of managing "receiv[ed] deposits."

12 U.S.C. § 24 (Seventh). Accordingly, national banks may collect interchange fees as recompense for these core services in the "business of banking." *Id.*[6]

Indeed, Congress itself has essentially ratified national banks' power in this area. In the Durbin Amendment to the Dodd-Frank Act, Congress directed the Federal Reserve Board to set limits on the amount of interchange fees that debit-card issuers may receive or charge on debit-card transactions. 15 U.S.C. § 1693o-2. Such limits presuppose that national banks are authorized to receive interchange fees. And national banks' preexisting power to collect interchange fees—as they have done for decades, without challenge until now—necessarily is rooted in the NBA. After all, "[n]ational banks, being creatures of statute, possess only those powers conferred upon them by Congress." *Indep. Ins. Agents of Am., Inc. v. Hawke*, 211 F.3d 638, 213 (D.C. Cir. 2000) (emphasis added). They thus derive all "the powers that they need to organize and operate" from their NBA-governed federal charters. *Cantero v. Bank of Am., N. A.*, 602 U.S. 205, 210 (2024). As the Durbin Amendment confirms, these powers include the right to collect interchange fees.

II. The OCC's Interim Final Rule Confirms National Banks' Fee-Collection Powers and Dispels Recent Confusion.

On its own terms, the NBA should suffice to make clear that federal law endows national banks with the power to collect interchange and other fees—and, accordingly, that federal law preempts state or local laws that improperly interfere with this power. However, a recent federal district court decision has created confusion regarding national banks' power and potentially opened the door to improper state and local interference with national banks' ability to receive interchange fees. The OCC's interim final rule offers a helpful confirmation of national banks' true fee-collection powers—highlighting national banks' power to collect interchange fees, and dispelling any confusion that the court's decision otherwise could cause.

In *Illinois Bankers Association v. Raoul*, the ABA and other plaintiffs sued to enjoin the IFPA, which, as relevant here, bars the collection of interchange fees for the tax and gratuity portions of a credit or debit card transaction. 815 ILCS 151/150-10. As plaintiffs explained, this prohibition is plainly preempted by the NBA, which, pursuant to the supremacy of federal law, preempts any state or local law that "prevent[s] or significantly interfere[s] with [a] national bank's exercise of its [NBA-granted] powers." *Barnett Bank, N.A. v. Nelson*, 517 U.S. 25, 33 (1996); *see* U.S. Const. art. VI, cl. 2 (federal law is "the supreme Law of the Land"). That robust preemption standard follows from national banks' status as "instrumentalities of the Federal government, created for a public purpose." *Easton v. Iowa*, 188 U.S. 220, 238 (1903) (quotation marks omitted); *see also Barnett Bank*, 517 U.S. at 32 (citing *Easton* for the proposition that national bank powers are "not normally limited by, but rather ordinarily pre-empt[], contrary state law"). The IFPA flunks *Barnett Bank*'s test, both because it forbids banks from collecting fees that the NBA authorizes,

[6] Alternatively, other aspects of the NBA also confer on banks the authority to charge interchange and other necessary fees. For example, national banks' fee-collection powers could be described as "incidental powers … necessary to carry on the business of banking." 12 U.S.C. § 24 (Seventh). And national banks' power to collect interchange fees also could be described as a component of national banks' power to process credit and debit card transactions, which (although not explicitly mentioned in the NBA) has been recognized by the OCC as a component of national banks' power to engage in the business of banking. *See, e.g.*, OCC Corp. Dev. 99-50, at 4 (Dec. 23, 1999) ("processing credit and debit card transactions … [is] clearly part of the business of banking").

and because—given issuers' current inability to separate out taxes and gratuities when collecting fees—it will force banks to take on a massive compliance burden and divert resources from the efficient exercise of their powers. *See* Plaintiffs' Memorandum in Support of Motion for Summary Judgment and a Permanent Injunction, *Ill. Bankers Ass'n*, Dkt. 125, at 13-17 (N.D. Ill. Mar. 17, 2025). But the district court rejected these claims and found NBA preemption inapplicable, based on an unduly cramped understanding of national banks' powers that the district court derived from its reading of OCC regulation 12 C.F.R. § 7.4002.

Section 7.4002 and its predecessor regulations have historically (1) provided a non-exhaustive recognition of national banks' power to charge for banking services, while (2) limiting interbank agreements about fees. For example, in 1975, the rule read "Charges by banks. All charges to customers should be arrived at by each bank on a competitive basis and not on the basis of any agreement, arrangement, undertaking, understanding or even discussion among banks or their officers." 12 C.F.R. § 7.8000 (1975). The more recent version, which OCC now amends, states that "[a] national bank may charge its customers non-interest charges and fees, including deposit account service charges," and then sets forth "considerations" that are to guide the setting of those fees. By highlighting certain specific instances "includ[ed]" among national banks' fee-collection powers, § 7.4002 recognized that national banks *have* broad fee-collection powers.

The district court in *Illinois Bankers Association*, however, focused narrowly on certain phrases in the regulation and came to the conclusion that § 7.4002 is an *exhaustive* codification of national banks' fee-collection powers, which protects only national banks' right to charge fees "set" by a bank itself without any input from any third party. 2026 WL 371196, at *9-10. Specifically, the district court pointed to § 7.4002(b), which protects the "'establishment of non-interest charges and fees'" as "'business decisions to be made by each bank, in its discretion, according to sound banking judgment and safe and sound banking principles.'" *Id.* at *10. Interchange fees do not fall into this category, in the court's view, because payment networks—entities such as Visa and Mastercard that intermediate between issuers and merchants, setting default terms so that issuers need not negotiate with merchants individually—"do the actual work of fee-setting." *Id.* The court thus concluded that § 7.4002 excludes interchange fees, which it described as "centrally established by a third-party company" (*i.e.*, a payment network) and only "receive[d]" by banks and other issuers. *Id.* at *9, *13.

Based on this narrow reading of § 7.4002, the district court determined that the IFPA's interchange-fee prohibition is not preempted as to national banks. The court acknowledged that the IFPA would be preempted if it "directly interfered" with national banks' fee-collection powers. *Id.* at *9. But based on its view that § 7.4002 is both exhaustive of these powers and does not encompass interchange fees, the district court held that the IFPA's interchange-fee prohibition does not "impermissibly interfere[]" with national banks' fee powers under the NBA. *Id.* at *11-13. The district court deemed the IFPA's compliance costs a tolerable burden because they are the product of how payment networks "built th[e payments] ecosystem," and considered the costs of limited importance under the NBA given its conclusion that § 7.4002 does not "protect fees centrally established by a third-party company." *Id.* at *12-13.

This reasoning was flawed in multiple ways. It overlooked that § 7.4002 is *not* exhaustive: As explained, the NBA itself confers fee-collection power on national banks, because fee collection

is a necessary component of banks' power to "receiv[e] deposits," "loan[] money," and otherwise "carry on the business of banking." 12 U.S.C. § 24 (Seventh); *see* Part I, *supra*. And, again, it ignores that the costs of IFPA compliance will interfere with national banks' ability to efficiently provide credit and debit card services pursuant to these NBA powers. Moreover, as the OCC has highlighted, the district court also misread § 7.4002, which in authorizing national banks to "charge … non-interest charges and fees," "already allows national banks to impose fees that are set by a third party." 91 Fed. Reg. 22991 (cleaned up).

Regardless, the OCC's interim final rule puts the IFPA's preempted status beyond dispute. This rule amends § 7.4002 to fully remedy the district court's misunderstanding of the regulation's prior scope. As amended, § 7.4002 now makes express that national banks' powers extend to collecting interchange fees and other fees whose rates are set by third parties—defining "[c]harge" to expressly cover all compensation "receive[d]" or otherwise "obtain[ed]," including "indirectly" from "payment networks" or other "intermediaries"; enumerating "interchange fees" as one example of a protected "non-interest charge[] and fee[]"; and affirming that the regulation protects fees even if "they are set by or in consultation with third parties." 91 Fed. Reg. 22995. All this helpfully confirms—in a broader but still non-exhaustive § 7.4002 codification—national banks' right to collect interchange fees, notwithstanding that such fees are facilitated by payment networks, as well as national banks' broad fee-collection powers more generally. The amendment thus reinforces that the IFPA is preempted even under the district court's reasoning, and it refutes any confusion created by the district court's decision as to the scope of national banks' fee-collection powers.

III. The OCC's Interim Final Rule Is a Critically Important Safeguard.

In protecting national banks' right to collect interchange fees, the interim final rule will benefit not just national banks, but consumers and the American economy as a whole. In particular, by making clear beyond doubt that the IFPA's fee prohibition should not be permitted to go into effect as scheduled on July 1, 2026, the OCC's rule will provide immediate regulatory clarity and so help spare regulated entities from the IFPA's massive compliance burdens. Likewise, the rulemaking will help deter other jurisdictions that may attempt to replicate Illinois's example.

The OCC's intervention is much-needed because, with the IFPA currently slated to go into effect on July 1, national banks and other entities risk incurring enormous, non-recoverable compliance costs and facing staggering liability. Even the *Illinois Bankers Association* district court recognized that the IFPA's compliance costs are "staggering"—indeed, "potentially business-ending." 2026 WL 371196, at *6, *13. As the OCC's rulemaking discusses, if left to proceed, industry-wide compliance costs under the IFPA easily would total hundreds of millions of dollars. *See* 91 Fed. Reg. 23156-57.

IFPA compliance would require sweeping changes. National banks must coordinate with other entities in the payments process to either (1) overhaul payments infrastructure, because it is not technologically possible with existing payments terminals to automatically carve out taxes and gratuities, or (2) develop a manual process for reimbursing merchants *post hoc*, which likewise would require building up entirely new processes. 815 ILCS 151/150-10(a)-(b). Indeed, issuers

currently have no means to receive tax and gratuity information, as they generally have no direct commercial relationships with merchants or their banks.

If compliance proves impossible or even just imperfect—as is essentially inevitable—then entities would face steep penalties. The IFPA imposes "a civil penalty of $1,000 per electronic payment transaction" that cannot meet its requirements. 815 ILCS 151/150-15(a). Given that billions of card transactions take place in Illinois each year, this statute creates massive potential liability. *See* Mar. 30, 2026 ABA Letter to OCC. And this risk affects all national banks, as consumers nationwide may make purchases while temporarily traveling in Illinois or otherwise direct online purchases toward Illinois.

Moreover, these and other costs ultimately would be borne by consumers. Companies would need to fund these costs either by raising prices for consumers, reducing benefits, or otherwise diverting resources that would otherwise go towards the efficient operation of credit and debit card services. Additionally, the IFPA would likely reduce consumer access to financial services because some issuers—particularly smaller and mid-sized banks—are considering declining all transactions in Illinois or even ending their credit or debit card programs outright, given the IFPA's massive burdens. And, at a minimum, IFPA compliance would risk consumer confusion and disruption, as upwards of 100 million Americans would receive notices of updated terms and conditions if system upgrades occur for compliance, and there inevitably may be market disruptions or implementation difficulties in the course of making such upgrades.

Finally, the IFPA shows the costs of just one state's interference with national payment systems; if allowed to stand, there is a real risk that other states and localities could follow suit and further fragment what is currently a uniform national banking and payments system. Legislatures in more than 25 states are considering laws that would regulate payment processing and pricing, including but not limited to proposals modeled on the IFPA. Any additional laws would only magnify costs for all, particularly given the risk that other jurisdictions could adopt inconsistent requirements that would force national banks and other entities to develop still more state- or locality-specific payment processes. The OCC's interim final rule—both standing alone and combined with the OCC's preemption order—benefits all by making clear that such state or local intervention in the payments process would be improper and preempted in light of national banks' fee-collection powers.

IV. The OCC's Interim Final Rule Could Be Strengthened by Also Covering Federal Savings Associations.

The Associations offer just one suggestion for the OCC's consideration to strengthen the interim final rule: The OCC should also revise its regulations to underscore federal savings associations' similar power to collect interchange fees.

The Associations were pleased to see that the interim final rule makes reference to federal savings associations' similar authority. We agree with the OCC's statement that "Federal law … clearly provide[s] Federal savings associations with comparable authority" to charge and receive interchange fees. 91 Fed. Reg. 22990 n.4. As both the OCC and its predecessor agency long have recognized, the Home Owners' Loan Act (HOLA)—which grants federal savings associations

similar powers as national banks—confers on them the power to require interchange and other fees. *See, e.g.*, OCC *Amicus* Brief, Dkt. 61-1, at 3-4 n.3; Comptroller's Handbook on Payment Systems 1, 13 (2021); Comptroller's Handbook on Merchant Processing 1, 32 (2014); Office of Thrift Supervision, P-2001-1 (2001) ("OTS has opined *repeatedly* that state restrictions on various types of loan-related fees are preempted for federal savings associations") (emphasis added). These determinations reflect the important point that—under HOLA and existing regulations—a federal savings association's ability to assess fees is likewise inherent to the exercise of its banking powers, including as to fees for operational services.

To eliminate any possible confusion, however, we recommend that the OCC amend its regulations for federal savings associations, just as the interim final rule does for national banks. For example, the OCC could add the following as a new 12 C.F.R. § 145.18:

> **§ 145.18 Federal savings association non-interest charges and fees.**
>
> (a) *Definition.* For purposes of this section *charge* means to directly or indirectly, through intermediaries, partners, payment networks, interchanges, or other third parties, assess, collect, impose, levy, receive, reserve, take or otherwise obtain non-interest charges and fees, including through a fee sharing or similar economic relationship.
>
> (b) *Authority to impose charges and fees.* A Federal savings association may charge non-interest charges and fees, including deposit account service charges and interchange fees from credit and debit card operations, in the same manner and to the same extent as authorized for national banks pursuant to § 7.4002 of this chapter.

Such an amendment would be a logical outgrowth of the OCC's interim final rule, and it would ensure that the OCC's understanding of federal savings associations' fee-charging powers is effectuated properly. In particular, by making maximally clear that the scope of federal savings associations' HOLA powers includes the right to collect interchange and other fees, an amendment along these lines will help properly channel any necessary preemption determinations. Federal savings associations are entitled to the same level of preemption as national banks—an analysis that, as explained above, turns on the scope of these entities' powers and the extent to which a state law interferes with the powers. *See* 12 U.S.C. § 1465(a). Accordingly, codifying federal savings associations' fee-charging powers will similarly dispel any confusion as to the impropriety of state or local laws such as the IFPA, and further extend the benefits of the interim final rule to federal savings associations and their consumers as well.

* * *

In short, the NBA plainly preempts the IFPA and any similar state or local attempts to restrict national banks' collection of interchange fees that may be enacted in the future. The OCC's interim final rule commendably underscores this point—remedying confusion generated by the *Illinois Bankers Association* decision and helping shield national banks, consumers, and the broader American economy from the costs of intrusive legislation. The Associations appreciate this

prompt action to preserve regulatory clarity, protect the integrity of the national banking and payments system, and prevent harmful fragmentation of the payments ecosystem. We further appreciate the opportunity to comment on this important issue and encourage the OCC to consider similar regulatory amendments with respect to federal savings associations.

If you have any questions, please reach out to Hugh Carney at HCarney@aba.com.

Sincerely,

American Bankers Association
Illinois Bankers Association
America's Credit Unions
Illinois Credit Union League