



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

May 29, 2026

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: *Interim Final Rule: National Bank Non-Interest Charges and Fees, RIN 1557-AF54, Docket ID OCC-2026-0430; Interim Final Order: Order Preempting the Illinois Interchange Fee Prohibition Act, RIN 1557-ZA10, Docket ID OCC-2026-0431*

Dear Madam or Sir:

The Defense Credit Union Council (DCUC) appreciates the opportunity to comment in strong support of the Office of the Comptroller of the Currency's interim final rule and interim final order concerning the Illinois Interchange Fee Prohibition Act. DCUC supports the OCC's conclusion that federal law preempts the Illinois Interchange Fee Prohibition Act as applied to the institutions the OCC supervises, and we also support the OCC's companion clarification that national banks may charge and receive non-interest compensation, including interchange fees from payment-card activity, even when such fees are set by or in consultation with third parties.

A national payments system cannot function efficiently if banks, credit unions, merchants, processors, and payment networks are forced to operate under fragmented state-by-state transaction-processing mandates. The OCC correctly recognized that uniformity is essential to the functioning of modern payment-card systems and that a fractured patchwork of state laws would undermine that uniformity and materially disrupt interstate commerce. That conclusion is especially important for institutions that serve members and customers across state lines and rely on nationally integrated payment networks every day.

The Illinois statute itself illustrates the problem. Article 150 of 815 ILCS 151 prohibits interchange fees on the tax amount or gratuity of an electronic payment transaction when the merchant transmits that information as part of authorization or settlement, creates a manual documentation-and-refund process when the merchant does not do so, imposes civil penalties of \$1,000 per electronic payment transaction for violations, and restricts the use of electronic payment transaction data except to process the transaction or as otherwise required by law. Those provisions do not merely regulate a peripheral issue. They reach directly into how payment-card networks price transactions, how banks and related entities process those transactions, and how transaction data may be used for operational and risk-management purposes.

The OCC's factual findings make clear why this law is unworkable in practice. The OCC found that current payment-card infrastructure does not support the statute's automatic process and cannot be updated by the law's effective date. The agency further explained that implementation would require new technological and standards changes by payment-card networks, system changes by issuer and acquirer banks, and point-of-sale changes by merchants. The OCC also identified serious flaws in the manual process, including the practical difficulty of identifying the issuer bank from transaction records, the lack of a direct communication mechanism between acquiring and issuing institutions for this purpose, the breadth of the statute's tax-documentation requirements, and the need for new systems and staffing to support what the OCC described as a highly manual process.

The costs and risks associated with those mandates would be substantial. The OCC estimated that, absent preemption, OCC-supervised banks would face more than \$232 million in initial system-upgrade costs, approximately \$145 million per year in manual documentation-processing costs for the first several years, and approximately \$200 million in lost issuer revenue. The agency also recognized that institutions might have to notify customers and merchants about possible changes to payment-card terms, new software or hardware requirements, and the possibility that some transactions could be declined, creating significant confusion and uncertainty about whether payment cards would continue to work as consumers expect. Those are exactly the kinds of burdens that would ultimately be borne by consumers through reduced services, higher costs, and less reliable payment access.

DCUC also supports the OCC's conclusion that the Illinois law's data-use restriction independently interferes with federally authorized banking powers. As the OCC explained, transaction data is used for critical purposes including fraud analysis, cybersecurity, risk management, tailoring products and services, and improving operational efficiency. A state law that severely limits the use of that data does not simply alter a pricing term; it impairs the ability of institutions to operate safely, efficiently, and in a manner consistent with sound risk management.

As an association representing defense and military-serving credit unions, DCUC is particularly concerned about the consequences of a patchwork payments regime for military families and communities. Service members, veterans, and their families depend on a reliable national payments infrastructure, not one that changes from state to state based on conflicting transaction-processing mandates. For that reason, DCUC supports corresponding action by the National Credit Union Administration to protect federal credit union powers and preserve a uniform national payments framework for credit unions as well. Public reporting on the OCC action also reflected the credit-union industry's concern that laws like the Illinois statute could jeopardize funding for fraud prevention services, rewards programs, and new payments technology.

DCUC thanks the OCC for acting promptly to provide clarity before the Illinois law's July 1, 2026 effective date. The OCC's interim final order and companion interim final rule are necessary, well-reasoned, and vital to preserving the integrity of the national banking system and the broader payments ecosystem on which consumers, businesses, and military communities rely every day.

Sincerely,



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