



DCUC
DEFENSE CREDIT UNION COUNCIL

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Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Delivered electronically via: <https://www.regulations.gov>

RE: Preemption – Federal Credit Unions Non-Interest Charges and Fees [NCUA-2026-1189]

Dear Ms. Conyers-Ausbrooks:

On behalf of the Defense Credit Union Council (DCUC),¹ I thank you for the opportunity to comment on the National Credit Union Administration's (NCUA) interim final rule to further clarify that federal credit unions' (FCU) authority to charge non-interest charges and fees includes the power to assess, collect, impose, levy, receive, reserve, take, or otherwise obtain non-interest charges and fees including interchange fees from credit and debit card operations. DCUC represents credit unions that serve active-duty military, veterans, and their families worldwide.

DCUC strongly supports the NCUA's interim final rule and conclusion that federal law preempts any state law affecting the non-interest charges and fees related to payment card services, including the Illinois Interchange Fee Prohibition Act (IIFPA), as applied to FCUs.

The interim final rule appropriately clarifies that the incidental powers granted to FCUs under the Federal Credit Union Act (FCUA) include the authority to assess and receive interchange and other non-interest fees associated with payment card operations. Because those powers derive from federal law, state laws that significantly interfere with their exercise are preempted. The rule provides legal certainty for FCUs while preserving the uniform national payments framework necessary for safe, efficient, and reliable financial services.

DCUC agrees with the NCUA Board's conclusion that interchange fees are an integral component of the incidental powers Congress granted FCUs under the FCUA and that state laws restricting those powers are preempted because they significantly interfere with the exercise of federally authorized powers. Federal credit unions participate in a nationwide payments system that depends on consistent rules governing transaction processing, settlement, pricing, and network operations. Allowing individual states to regulate the terms under which federally authorized payment card activities may occur would undermine that national framework and create unnecessary operational complexity for credit unions, merchants, and consumers.

¹ The Defense Credit Union Council represents more than 200 defense-affiliated credit unions and over 40 million members—including active-duty servicemembers, Guard and Reserve personnel, veterans, Department of Defense civilians, and military families.

The NCUA correctly recognizes that FCUs cannot effectively exercise federally granted powers if those powers are subject to differing state-by-state restrictions. Federal powers cannot remain truly federal if individual states may redefine the operational mechanisms necessary to exercise those powers.

Importantly, the interim final rule does not create a new power for FCUs, rather it clarifies the scope of existing statutory authority that has been exercised by federally chartered credit unions. The rule provides needed certainty without expanding the authority granted by Congress.

The IIFPA shows precisely why the NCUA's clarification is necessary. By regulating interchange fees, imposing transaction-processing requirements, restricting the use of payment transaction data, and establishing substantial penalties for noncompliance, the IIFPA directly affects the way federally authorized payment card activities are conducted. These requirements interfere with the powers granted to FCUs under the FCUA.

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. Defense credit unions routinely serve members who relocate among states, deploy overseas, or maintain financial relationships across multiple jurisdictions. A nationally uniform payments framework is therefore especially critical for institutions serving military communities. For that reason, DCUC supports the NCUA's action to protect FCU powers and preserve a uniform national payments framework for credit unions as well.

Furthermore, DCUC supports the NCUA's decision to issue this clarification through an interim final rule with immediate effect. Given the uncertainty created by the IIFPA regarding the exercise of federally authorized powers, the NCUA had clear justification and should act promptly. The interim final rule is necessary, well-reasoned, and vital to preserving the integrity of the broader payments ecosystem on which consumers, businesses, and military communities rely every day. DCUC respectfully urges the Board to adopt the interim final rule as final without modification.

DCUC appreciates the opportunity to comment on this important rulemaking. Please contact me at Jason.Stverak@dcuc.org with any questions about DCUC's comments.

Sincerely,



Jason Stverak
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DCUC