

Electronic Payments Coalition (EPC)

c/o Webster, Chamberlain & Bean
1747 Pennsylvania Avenue NW, Suite 1000
Washington, DC 20006

Date: 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 Electronic Payments Coalition (EPC) represents credit unions, community banks, payment card networks, and other institutions that support the backbone of our economic system—electronic payments. On behalf of our members and the tens of millions of consumers and millions of merchants they serve, EPC writes in strong support of the Office of the Comptroller of the Currency's interim final rule revising 12 CFR 7.4002 and the OCC's concurrent interim final order preempting the Illinois Interchange Fee Prohibition Act (IFPA) with respect to national banks and federal savings associations.¹

Both actions appropriately preserve the uniformity, efficiency, and resilience of the national electronic payments system, and EPC urges the OCC to finalize each promptly and substantially as proposed.

The National Bank Act, signed fittingly enough by Illinois's Abraham Lincoln, has long ensured that nationally chartered banks operate under a uniform federal framework rather than a patchwork of conflicting state laws. Courts have consistently recognized that state laws interfering with national banking powers are preempted under federal law. This principle is especially important in the modern

¹ Interim Final Rule, National Bank Non-Interest Charges and Fees, 91 Fed. Reg. 22989 (Apr. 29, 2026); Interim Final Order, Order Preempting the Illinois Interchange Fee Prohibition Act, 91 Fed. Reg. 23150 (Apr. 29, 2026).

payments system, where transactions move seamlessly across state lines through nationally integrated networks. Allowing individual states to impose differing interchange mandates would create operational disruption, legal uncertainty, and significant compliance burdens that threaten the efficiency and reliability of the national payments system—and risk turning the Land of Lincoln into the Land of Card Chaos.

Uniform National Standards For National Banks And Payment Systems Are Essential

Today, roughly two-thirds of payments made in the United States are made using payment cards.² A consumer can tap a card at a merchant’s sales terminal anywhere in the country, and within seconds, the sale is complete, and the merchant is guaranteed payment. But that seamless experience depends on entities working behind the scenes to encourage consumers and merchants to use the system, to develop the funds-transfer infrastructure, to combat fraud, and to assume the risk that a cardholder may not pay. And those entities depend on uniform rules that provide efficiency and legal certainty and that allow customers to have safe and convenient access to financial services.

The IFPA Undermines National Standards And Is Operationally Unworkable

The IFPA is a first-of-its-kind state law that rewrites how national banks and payment networks treat one component of the payment system—interchange fees, which compensate issuing banks for their role in supporting the electronic payments system. Specifically, the IFPA prohibits issuers, networks, acquirers, and other participants from receiving or charging interchange fees on the tax or gratuity portion of a payment card transaction.³ The result would be that issuing banks are compensated only for a portion of the transaction while supporting all of it, and noncompliance risks a civil penalty of \$1,000 per transaction, exposing participants in the electronic payments system to potential annual liability of as much as \$6.5 trillion in Illinois alone.⁴ By its terms, the statute would take effect on July 1, 2026.⁵

EPC agrees with the OCC that this state-specific rule “jeopardizes national banks’ ability to effectively and efficiently participate in the payment card systems, and thereby exercise their lending and deposit-taking powers, on a national scale.”⁶ The IFPA could isolate Illinois from the global electronic payments system. The current architecture of the electronic payments system does not support real-time bifurcation of taxes and gratuities from the underlying transaction amount and cannot be retrofitted to do so by July 1, 2026. Implementing the IFPA’s automatic process would require coordinated changes by payment card networks, processors, issuer and acquirer banks, and roughly 1.3 million Illinois merchants. The massive cost of new systems and staffing would result in higher fees and reduced services. The IFPA’s manual process would be no more workable. The

² Fed. Reserve Bank of Atlanta, *2024 Survey and Diary of Consumer Payment Choice* 10-12 (2025).

³ 815 Ill. Comp. Stat. 151/150-10(a)-(b).

⁴ 815 Ill. Comp. Stat. 151/150-15(a) (civil penalty of \$1,000 per transaction); see Interim Final Rule, 91 Fed. Reg. at 22993 (estimating upwards of 6.5 billion payment card transactions in Illinois annually and corresponding potential annual liability of as much as \$6.5 trillion).

⁵ 815 Ill. Comp. Stat. 151/150-95.

⁶ Interim Final Order, 91 Fed. Reg. at 23153.

statute’s definition of acceptable tax documentation is so broad that issuers may not be able to reliably reconstruct the tax or gratuity component of any given transaction, and the systems used for online and in-app purchases do not reliably identify whether a transaction occurred in Illinois at all.⁷ Altogether, national banks would be exposed to significant operational risk, which could limit Illinois customers’ access to financial services.

The Interim Final Rule and Preemption Order Are Legally Correct

Under the National Bank Act, national banks “have power” to “loan[] money [by] personal security,” to “receiv[e] deposits,” and “[t]o exercise ... all such incidental powers as shall be necessary to carry on the business of banking.”⁸ The revisions to 12 CFR 7.4002 restate, with greater precision, what the OCC and the courts have long understood this authority to include.

The new definition of “charge” and the explicit inclusion of interchange fees as a non-exclusive example of permissible non-interest charges reflect how modern electronic payments systems actually work and codify authority that federal courts of appeals have repeatedly confirmed.⁹ National banks’ use of card networks to facilitate the exchange of value among issuers, acquirers, merchants, and consumers is among the most usual and useful tools of modern banking, and EPC supports the interim final rule’s recognition that the National Bank Act authorizes national banks to charge interchange fees, regardless of whether such charges and fees are set by or in consultation with card networks or other third parties.

The interim final order also faithfully applies *Barnett Bank* and *Cantero*.¹⁰ The IFPA’s interchange fee prohibition restricts the flexibility that federal law grants national banks to determine appropriate compensation for payment card activity, impairs the efficiency and effectiveness with which they exercise their deposit-taking, lending, and payment-processing powers by forcing infrastructure designed for uniform national operation to state-specific rules. It is accordingly preempted under federal law.

The OCC Acted Appropriately and on a Necessary Timeline

The U.S. District Court for the Northern District of Illinois’s decision earlier this year to dissolve its injunction of the IFPA as applied to national banks and federal savings associations unsettled the

⁷ Interim Final Rule, 91 Fed. Reg. at 22993 & nn.32–39 (describing limitations of payment-card receipts, absence of direct issuer-acquirer communication channels, breadth of the IFPA’s tax-documentation definition, embedded excise taxes, and difficulties identifying transaction location for online purchases).

⁸ 12 U.S.C. § 24 (Seventh).

⁹ See, e.g., *Baptista v. JPMorgan Chase Bank, N.A.*, 640 F.3d 1194, 1198 (11th Cir. 2011); *Monroe Retail, Inc. v. RBS Citizens, N.A.*, 589 F.3d 274, 283–84 (6th Cir. 2009); *Bank of Am. v. City & Cnty. of S.F.*, 309 F.3d 551, 562-64 (9th Cir. 2002).

¹⁰ Interim Final Order, 91 Fed. Reg. at 23153–54 (applying *Barnett Bank of Marion County, N.A. v. Nelson*, 517 U.S. 25 (1996), and *Cantero v. Bank of America, N.A.*, 602 U.S. 205 (2024)).

regulatory landscape for participants in the electronic payments system.¹¹ National banks and others would incur significant, irrevocable costs by implementing a crash compliance program to avoid potential civil penalties under the IFPA. EPC thus agrees with the OCC's good-cause determination that pre-promulgation notice and comment was impracticable on this timeline; further delay risked the very disruptions that the OCC has identified, including cardholder confusion as change-in-terms notices issued, merchant uncertainty as acceptance practices changed, and potentially widespread transaction declinations as institutions sought to limit exposure to \$1,000 per-transaction penalties. Every week of regulatory uncertainty translates into compliance costs and strategic decisions, including potential retreat from card issuance, that fall most heavily on smaller institutions. EPC urges the OCC to finalize both actions expeditiously following the close of the comment period so that regulated entities and the customers and merchants they serve have durable legal certainty.

The Stakes Extend Well Beyond Illinois—and Beyond National Banks

The consequences of the IFPA are not confined to Illinois. Other states are considering measures aimed at regulating payment processing, pricing, or interchange fees, including proposals modeled directly on the IFPA. Colorado is among the states currently considering such legislation.¹² If the federal preemption analysis announced in the OCC's interim final order does not control, the foreseeable result is exactly the unmanageable patchwork that the National Bank Act was enacted to prevent. Further fragmentation will increase costs for consumers, merchants, and financial institutions, and it will create operational risk for the electronic payments system. EPC encourages the OCC to apply the same preemption analysis to materially similar state laws as they are enacted and to continue articulating the federal interest in payments uniformity in further litigation and rulemaking.

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EPC strongly supports both interim final actions and urges the OCC to finalize each promptly and substantially as proposed.

Sincerely,

Richard Hunt
Executive Chairman
The Electronic Payments Coalition

¹¹ See *Ill. Bankers Ass'n v. Raoul*, 760 F. Supp. 3d 636, 665 (N.D. Ill. 2024).

¹² See Colorado Senate Bill, Payment Card Networks' Fees, 26-134 (2026).