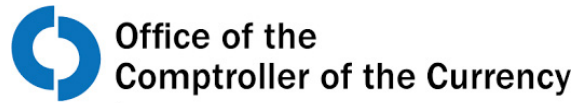




Federal Banking Regulator Opposes State Interchange Bills, Calls Illinois Law “Ill-Conceived”

On October 2, 2024, the Office the Comptroller of Currency filed an amicus brief against the Interchange Fee Prohibition Act, set to take effect on July 1, 2025 in Illinois. Below are the highlights of the OCC’s opposition:



- ▶▶▶▶ “The Illinois Interchange Fee Prohibition Act, H.B. 4951, Section 150 (“IFPA”) is an **ill-conceived, highly unusual, and largely unworkable** state law that threatens to fragment and disrupt this efficient and effective system.”
- ▶▶▶▶ “The IFPA prevents or significantly interferes with federally-authorized banking powers that are fundamental to safe and sound banking and disrupts core functionalities that drive the Nation’s economy. In short, **the IFPA constitutes both bad policy and an unlawful interference** with federally granted powers.”
- ▶▶▶▶ “If the interchange fee prohibition provision in the IFPA is not invalidated, it will erode this essential infrastructure, leaving national banks with extraordinary operational burdens that likely will be passed on to consumers in the form of **higher fees, reduced services, and weakened fraud protection.**”
- ▶▶▶▶ “If the IFPA is allowed to remain in effect, it is likely that **fraud risk would increase significantly, consumers services would be constrained, and public trust would decline.**”
- ▶▶▶▶ “If the IFPA is not enjoined and invalidated, it may well trigger a domino effect of other states and localities enacting similar laws, thereby **creating a fractured, highly inefficient, and unworkable payment system that would materially affect interstate commerce.** The result would be an unmanageable patchwork of state laws that undermine the uniformity necessary for the smooth and effective functioning of the national payment system.”
- ▶▶▶▶ “**Credit and debit card transactions help to propel the Nation’s economy** by facilitating commerce.”
- ▶▶▶▶ “The interchange fees that financial institutions collect to facilitate these transactions are **a core feature of an intricately-designed Nation-wide payments system** in which national banks and Federal savings associations play an essential role.”
- ▶▶▶▶ “**Interchange fees play a vital role in enabling banks to protect against fraud, cover the costs of transaction processing, and provide other valuable consumer services.**”

