DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 7

[Docket ID OCC-2026-0430]

RIN 1557-AF54

National Bank Non-Interest Charges and Fees

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Interim final rule; request for comments.

SUMMARY: The OCC is adopting an interim final rule to clarify that national banks' power 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. Further, the interim final rule explains that national banks may charge non-interest charges or fees, even when such charges and fees are set by or in consultation with third parties. The OCC invites public comments on this interim final rule.

DATES: The interim final rule is effective June 30, 2026. Comments on the interim final rule must be received on or before [**INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER***].

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title "National Bank Non-Interest Charges and Fees" to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—"Regulations.gov":*

Go to *https://regulations.gov/*. Enter Docket ID "OCC-2026-0430" in the Search Box and click "Search." Public comments can be submitted via the "Comment" box below the displayed document information or by clicking on the document title and then clicking the "Comment" box on the top-left side of the screen. For help with submitting effective comments, please click on "Commenter's Checklist." For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m.-5 p.m. ET, or e-mail *regulationshelpdesk@gsa.gov*.

- **Mail:** Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.
- **Hand Delivery/Courier:** 400 7th Street, SW, Suite 3E-218, Washington, DC 20219.

Instructions: You must include "OCC" as the agency name and Docket ID "OCC-2026-0430" in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically – Regulations.gov:*

Go to *https://regulations.gov/*. Enter Docket ID "OCC-2026-0430" in the Search Box and click "Search." Click on the "Dockets" tab and then the document's title. After

clicking the document's title, click the "Browse All Comments" tab. Comments can be viewed and filtered by clicking on the "Sort By" drop-down on the right side of the screen or the "Refine Comments Results" options on the left side of the screen. Supporting materials can be viewed by clicking on the "Browse Documents" tab. Click on the "Sort By" drop-down on the right side of the screen or the "Refine Results" options on the left side of the screen checking the "Supporting & Related Material" checkbox. For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m.-5 p.m. ET, or e-mail *regulationshelpdesk@gsa.gov*.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Karen McSweeney, Special Counsel, Priscilla Benner, Counsel, and Elizabeth Small, Counsel, Chief Counsel's Office, 202-649-5490; Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219. If you are deaf, hard of hearing or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Introduction

In the National Bank Act (NBA), Congress granted national banks enumerated powers, including to "loan[] money on personal security" and to "receiv[e] deposits," as well as "all such incidental powers as shall be necessary to carry on the business of banking."[1] As the OCC and courts have long recognized, national banks thus have broad powers to engage in activities that

[1] 12 U.S.C. 24 (Seventh).

are part of, or incidental to, the business of banking, including issuing debit cards and credit cards (payment cards) and processing payments.[2]

National banks also have the authority to receive compensation for the products and services they provide, including to charge and receive interchange fees[3] for processing payment card transactions.[4] Specifically, 12 CFR 7.4002, which implements the NBA, sets out national banks' broad authority to impose non-interest charges and fees and provides each national bank with the discretion to make business decisions about how to impose these charges and fees.[5]

Recently, a Federal district court in the Northern District of Illinois created ambiguity about the scope of § 7.4002, asserting that national banks do not "set" interchange fees and finding that "[t]he thrust of 12 CFR 7.4002 is not to protect fees centrally established by a third-party company."[6] Such a finding is, however, inapposite to the OCC and courts' longstanding interpretation of § 7.4002 and fails to recognize the reality of the payment card systems and the

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[2] *See, e.g.*, OCC Conditional Approval No. 773, 2006 WL 4589434, at *1 (Nov. 30, 2006) ("[M]erchant processing activities are part of, or incidental to, the business of banking[.]"); OCC Corporate Decision 99-50, at 4 (Dec. 23, 1999) ("processing credit and debit card transactions and other electronic payments are clearly part of the business of banking"), https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2000/cd99-50.pdf; OCC Conditional Approval No. 248, at 4 (June 27, 1997) ("It is clear that merchant processing activities are permissible for national banks[.]"), https://www.occ.gov/topics/chartersand-licensing/interpretations-and-actions/1997/ca248.pdf.

[3] An "interchange fee" is generally the fee paid to an issuer bank as part of a payment card transaction.

[4] 12 CFR 7.4002. With respect to Federal savings associations, 12 CFR 145.17 authorizes Federal savings associations "to transfer, with or without fee, its customers' funds." This interim final rule does not address savings associations because we interpret Federal law, including § 145.17, to clearly provide Federal savings associations with comparable authority.

[5] *See Baptista v. JPMorgan Chase Bank, N.A.*, 640 F.3d 1194, 1198 & n.2 (11th Cir. 2011) (concluding that "the OCC specifically authorizes banks to charge fees to non-accountholders presenting checks for payment" and "the significant objective of 12 C.F.R. § 7.4002 is to allow national banks to charge fees and to allow banks latitude to decide how to charge them"); *Monroe Retail, Inc. v. RBS Citizens, N.A.*, 589 F.3d 274, 283-84 (6th Cir. 2009) (agreeing that a national bank is authorized by 12 CFR 7.4002 and 12 U.S.C. 24 (Seventh) to "exact[]" or "collect" garnishment fees by debiting a depositor); *Bank of Am. v. City & Cnty. of S.F.*, 309 F.3d 551, 5624 (9th Cir. 2002) (holding that, consistent with OCC regulations including 12 CFR 7.4002, "national banks may charge ATM fees to non-depositors").

[6] *Ill. Bankers Ass'n v. Raoul*, --- F. Supp. 3d ---, 2026 WL 371196, at *9, *13 (N.D. Ill. Feb. 10, 2026) ("*Raoul* SJ opinion").

modern economy. The OCC is issuing this interim final rule to clarify the scope of this national bank power.

National banks routinely rely on third parties for a range of products and services.[7] In particular, third parties are crucial to national banks' provision of payment cards, which are vital and deeply rooted components of the American and global economy. These cards are among the most universally accepted and common methods of payment and are routinely used by millions of consumers to pay for products and services worldwide.[8]

National banks serve essential roles within card networks, which are a crucial means of exercising their statutory deposit-taking and lending powers. National banks contract with card networks (*e.g.*, Visa and Mastercard) and others to facilitate payment card transactions. As the issuers of credit and debit cards, they provide payment cards to customers, assess cardholder risk, and offer services including fraud detection and prevention, dispute resolution, and rewards programs. As acquirers, they contract with merchants who accept payment cards and connect these merchants to the card network so that transactions are seamlessly processed and settled.

As compensation, national banks are paid fees for their payment card services. These fees, which include interchange fees, compensate these institutions for the costs of their participation, incentivize their provision of services and continued participation in the network, and enable enhancements, such as fraud detection and prevention, rewards programs, and technology upgrades.

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[7] *See, e.g.*, *Request for Information Regarding Community Banks' Engagement with Core Service Providers and Other Essential Third-Party Service Providers*, 90 FR 54882 (Nov. 28, 2025) (discussing community banks' reliance on third parties to operate effectively and competitively).

[8] OCC, *Comptroller's Handbook*, "Credit Card Lending," 1 (2021). *See also* Berhan Bayeh et al., Fed. Reserve Fin. Servs., *2025 Findings from the Diary of Consumer Payment Choice* 5 (2025) (finding that, in 2024, credit and debit cards were used for approximately 65 percent of consumer payments).

National banks could engage in bilateral negotiations with myriad merchants and other banks involved in processing payment card transactions to establish the terms of this activity, including fees.[9] Given the global nature of payment card systems, however, such a process would be complex, inefficient, ineffective, and costly. Moreover, most national banks do not have the resources to engage in such activities. Accordingly, most national banks agree to the interchange fees set by the card networks. The NBA clearly permits national banks to make this decision, along with decisions about the payment card services to offer, the card networks with which to contract, and the terms of the agreements. Therefore, the applicability of § 7.4002 should not be read to change simply because a third party has a role in setting the non-interest charges and fees.

II. Description of the Proposed Rule

Although the OCC believes that § 7.4002 already allows national banks to impose fees that are set by a third party, the OCC is revising § 7.4002 to make that explicit and resolve any uncertainty about the scope of the regulation. The OCC is also revising § 7.4002 to specifically include interchange fees as a type of non-interest charge or fee national banks may impose.

Defining "Charge"

Some of the confusion about the scope of § 7.4002 appears to be related to the lack of clarity about what it means for a national bank to "*charge* … non-interest charges and fees." Accordingly, the OCC is adding a definition of "charge" to paragraph (a) of § 7.4002 and moving the authority to impose non-interest charges and fees to paragraph (b) of the section. This definition clarifies that charge means to assess, collect, impose, levy, receive, reserve, take,

[9] A national bank may also establish a proprietary card network. *See, e.g.*, OCC, *Comptroller's Handbook*, "Payment Systems," 14 (2021).

or otherwise obtain, including through a fee sharing or similar economic relationship. This definition also clarifies that national banks may take such actions directly or through intermediaries, partners, payment networks, interchanges, or other third parties. These amendments are intended to encompass various means by which a national bank may obtain non-interest compensation for providing a product or service, regardless of which entity sets the amount of the non-interest charge or fee or exactly how the national bank obtains the charge or fee.[10]

Removing "Customer"

The OCC is also amending the authority to impose non-interest charges and fees, now redesignated as paragraph (b) of § 7.4002, to remove the word "customer." As reflected in the new definition of "charge," the purpose of revised § 7.4002 is to clearly articulate national banks' power to receive non-interest compensation for providing products or services, regardless of whether that compensation comes directly from the individual or entity receiving the product or service or via a third party that may not have a "customer" relationship with the bank.

Adding Interchanges Fees as an Example

Current § 7.4002 contains only one example of the types of non-interest charges and fees national banks can impose—deposit account service charges. Although previous iterations of § 7.4002 contained additional examples of non-interest charges and fees, the OCC generally removed the examples in 2001, noting that "explicit reference to the … types of fees is unnecessary and could be misinterpreted as a limitation on a national bank's ability to charge

[10] *See Fawcett v. Citizens Bank, N.A.*, 919 F.3d 133, 138 (1st Cir. 2019) ("[U]nder OCC's regulations, a charge is either 'interest' or it is a 'non-interest charge[],' which includes 'deposit account service charges.'") (alteration in original) (quoting 12 CFR 7.4002(a)).

other types of fees."[11] Given recent confusion, however, the OCC is adding interchange fees as another nonexclusive example of the charges and fees covered by § 7.4002 to provide additional clarity. The agency continues to emphasize, however, that the inclusion of this example does not imply the exclusion of other non-interest charges and fees.[12]

The Role of Third Parties in Setting Non-Interest Charges and Fees

The OCC is also amending several parts of newly redesignated paragraph (c)(2) of § 7.4002 to explicitly include scenarios where non-interest charges or fees may be set by, or in conjunction with, third parties. The existing paragraph (b)(2) provides that the establishment of non-interest charges and fees, their amounts, and the method of calculating them are business decisions to be made by each national bank, in its discretion, according to sound banking judgment and safe and sound banking principles. This paragraph also describes the factors a national bank considers when making the business decision to establish non-interest charges and fees in accordance with safe and sound banking principles. This interim final rule amends this paragraph to make explicit that a national bank's choices regarding charging non-interest charges and fees, including whether to enter into business relationships or lines of business or charge fees set by or in consultation with third parties, are also business decisions to be made by each bank, in its discretion according to sound banking judgment and safe and sound banking principles.

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[11] *See* Investment Securities; Bank Activities and Operations; Leasing, 66 FR 34784, 34787 (July 2, 2001) (finalizing the removal of the examples of dormant account fees and fees for credit reports and investigations from § 7.4002).

[12] Additionally, this amendment will make clearer that § 7.4002 permits national banks to charge non-interest charges and fees related to both debit and credit accounts. In 1995, the OCC proposed stating in § 7.4002(a) that "a national bank may charge its customers deposit account service charges and *loan-related fees*." Interpretive Rulings, 60 FR 11924,11940 (Mar. 3, 1995) (emphasis added). The final rule removed the reference to "loan-related fees" in response to comments that asked the OCC to clarify that the proposed phrase did not include interest governed by § 7.4001. Interpretive Rulings, 61 FR 4849, 4859 (Feb. 9, 1996). Although this change did not reflect a determination that 7.4002 was inapplicable to credit accounts, additional clarity in § 7.4002 regarding non-interest charges and fees related to both credit and debit accounts should be helpful. In addition, the distinction between interest and non-interest charges and fees is still addressed by paragraph (d) (as redesignated) of § 7.4002.

These amendments also clarify that the factors a national bank considers include the use of third parties to provide or facilitate the provision of a product or service. The amendments reflect the reality of the modern financial system and global economy, where products and services may be more efficiently and effectively provided through the use of third parties, which may also make or influence decisions regarding pricing.

The OCC is also making conforming edits to paragraph (c)(1) of § 7.4002 to clarify that it applies to the business decisions a national bank makes regarding non-interest charges and fees. Consistent with this provision and applicable antitrust law, national banks are prohibited from engaging in illegal anticompetitive conduct in making business decisions regarding non-interest charges and fees.[13]

III. Regulatory Analysis

A. Administrative Procedure Act

The OCC is issuing this interim final rule without prior notice and the opportunity for public comment that are ordinarily prescribed by the Administrative Procedure Act (APA).[14] Pursuant to 5 U.S.C. 553(b)(B), general notice and the opportunity for public comment are not required with respect to a rulemaking when an "agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest."

The OCC has found that prior notice and public comment are impracticable for this interim final rule due to the regulatory confusion created by the February 2026, *Raoul* SJ opinion, which found that Federal law does not preempt a key provision of the Illinois Interchange Fee

[13] The OCC is also making other nonsubstantive technical and clarifying edits to § 7.4002.

[14] 5 U.S.C. 553.

Prohibition Act (IFPA),[15] and the potential consequences of such confusion. In the *Raoul* SJ opinion, the district court removed its December 2024 preliminary injunction of the IFPA as applied to national banks and other depository institutions.[16] The court's analysis in the *Raoul* SJ opinion was based, in part, on a misunderstanding of the NBA and § 7.4002. As a result, absent this interim final rule, there likely will be significant uncertainty as to whether national banks are required to comply with the IFPA by July 1, 2026.

As explained below, the IFPA creates a complex and potentially unworkable standard, and it imposes significant potential liability for non-compliance. Therefore, national banks may take drastic actions to avoid these risks, up to and including declining payment card transactions subject to the IFPA.[17] Given the complexity of the payment card systems and the modern economy, these effects may not be limited to Illinois.

For national banks that choose to continue to support these payment card transactions, the OCC understands that these banks will need to inform customers, in advance of the IFPA's July 1, 2026 effective date, that the terms and conditions of their payment cards may soon change.[18] The OCC also understands that national banks will need to inform merchants about possible changes, including updates to how they process payments, the need for new software or

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[15] 815 Ill. Comp. Stat. 151/150.

[16] *See also Ill. Bankers Ass'n v. Raoul*, 760 F. Supp. 3d 636, 657 (N.D. Ill. 2024) (issuing a preliminary injunction of IFPA in the same matter, finding that the Illinois Bankers Association was "likely to prevail on the merits of their claim that the IFPA's Interchange Fee Prohibition violates the federal rights of national banks and is preempted by the NBA under the *Barnett Bank* standard").

[17] *E.g.*, Letter from H. Carney, Exec. Vice President, Fin. Inst. Pol'y & Regul. Affs., Am. Bankers Ass'n, to W. Giles, Principal Deputy Chief Couns., OCC 3 (Mar. 30, 2026) ("ABA Letter") ("We are also hearing that some issuing financial institutions—particularly smaller and mid-sized banks—are concluding that the IFPA's risks and costs are too great, and have indicated they may simply cease issuing credit or debit cards to their customers, while also exploring options for declining card transactions in Illinois.").

[18] *Id.*

hardware, or that some transactions may be declined.[19] These communications, as well as the potential for national banks to stop supporting covered payment card transactions, may generate significant customer and merchant confusion about whether, or how, payment cards will work after the IFPA's effective date. These potential actions may cause doubt about continued access to basic lending and deposit services, which could lead to economic harm and disruption and pose significant risks to the safety and soundness of national banks and the national banking system as a whole.

In light of these potential consequences, the OCC, for good cause, finds that advance notice and comment is impracticable and is issuing this interim final rule. This rule will provide certainty that the IFPA is preempted with respect to national banks before it goes into effect and therefore help prevent the imminent negative effects of the IFPA's application to national banks. Given the importance of this issue, however, the OCC invites public comment on all aspects of this interim final rule and intends to issue a final rule as soon as possible after the close of the comment period and sufficient time to consider and address comments.

Background

In the modern economy, millions of customers and merchants worldwide rely on payment cards every day, including an estimated 1.3 million merchants in Illinois.[20] As discussed above, national banks serve an essential function in the U.S. payment card systems.[21] A significant disruption of these payment networks could cause substantial economic harm.

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[19] *Id.*

[20] *See* U.S. Small Bus. Admin., *2024 Small Business Profile: Illinois* (reporting 1.4 million small businesses, representing 99.6% of all Illinois businesses); Clearly Payments, *How Many Businesses in the US and Canada Accept Credit Cards in 2025* (2025) (estimating that approximately 94 percent of U.S. and Canadian merchants accept payment cards).

[21] Any payment cardholders could make purchases subject to the IFPA, such as when traveling to Illinois or shopping online.

On June 7, 2024, Illinois enacted the IFPA, which, among other things, prohibits card issuer banks, card networks, acquirer banks, and other participants from receiving or charging a merchant an interchange fee on the tax or gratuity amount of a payment card transaction.[22] This prohibition, known as the interchange fee prohibition, applies if the merchant informs the acquirer of the tax or gratuity amount as part of the authorization or settlement of the transaction (automatic process).[23] Alternatively, the merchant has 180 days to transmit the relevant documentation (*e.g.*, paper receipts) to the acquirer bank, after which the issuer has 30 days to credit the merchant for any interchange fee charged on the tax or gratuity amount (manual process).[24] Violations of the interchange fee prohibition carry a civil penalty of $1,000 per transaction.[25] The IFPA goes into effect on July 1, 2026.

In August 2024, the Illinois Credit Union League, Illinois Bankers Association, America's Credit Unions, and American Bankers Association (collectively, IBA) sought to enjoin the IFPA.[26] On December 20, 2024, the district court for the Northern District of Illinois granted a preliminary injunction as applied to national banks.[27] In February 2026, however, approximately four months before the IFPA's effective date, the district court reversed course. It found that the interchange fee prohibition was not preempted by federal law, reasoning that "[t]he thrust of 12 C.F.R. § 7.4002 is not to protect fees centrally established by a third-party company."[28]

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[22] 815 Ill. Comp. Stat. 151/150-10(a). The IFPA defines an interchange fee as "a fee established, charged, or received by a payment card network for the purpose of compensating the issuer for its involvement in an electronic payment transaction." *Id.* at 151/150-5.

[23] *Id.* at 151/150-10(a).

[24] *Id*. at 151/150-10(b).

[25] *Id*. at 151/150-15(a).

[26] Compl. for Decl. & Inj. Relief, *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 15, 2024); Pl.'s Mot. for Prelim. Inj., *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 21, 2024).

[27] *Ill. Bankers Ass'n v. Raoul*, 760 F.Supp.3d. 636.

[28] *Raoul* SJ opinion, *supra*, 2026 WL 371196, at *13.

IFPA's Application to National Banks

The OCC understands that current payment card infrastructure does not support the IFPA's automatic process and cannot be updated by the IFPA's effective date.[29] To implement this process would appear to require, at a minimum: (1) the card networks to develop new technological and standards changes in coordination with relevant U.S. and international standards bodies; (2) acquirer and issuer banks to implement these changes; and (3) merchants to develop and adopt systems to transmit the requisite information at the point of sale.[30] Such changes likely would entail lengthy and careful planning because implementation glitches or failures could disrupt global payment card systems or create opportunities for fraud or misuse.[31]

As an alternative, certain merchants may invoke IFPA's manual process by submitting tax documentation. It is unclear, however, how this process could be implemented. Acquirer national banks may not be able to identify the issuer national bank in a given transaction.[32] Even if identification were possible, there is generally no mechanism for direct communication between these banks.[33] Furthermore, based on the broad definition of tax documentation, which includes "invoices, receipts, journals, ledgers, and tax returns," an issuer bank may not be able to

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[29] *See id*. at 14 ("It is an open question whether the transaction process could adapt to the impact of the IFPA in time."); *see also* ABA Letter, *supra*, at 3.

[30] Declaration of Chiro Aikat ¶¶ 33-40, *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 21, 2024) (Decl. C. Aikat); Declaration of Dierdre P. Cohen ¶¶ 6-7, 20-26, *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 21, 2024) ("Decl. D. Cohen").

[31] Decl. D. Cohen, *supra*, ¶ 26.

[32] *See* Decl. C. Aikat, *supra*, ¶ 43 ("The statute's text seems to contemplate that the information that a merchant possesses, such as what it can identify from receipt or ledger, specifying the amount of tax and gratuity, will be sufficient for the acquiring bank to determine which issuing bank was involved in the transaction. In nearly all circumstances, however, that will not be true. This is because modern payment card transaction receipts include only a truncated payment card number, specifically the last four digits of the 16-digit payment card number, to minimize the risk of payment card number theft (and as specifically permitted by applicable banking law). But the issuer of a payment card is not identifiable from the last four digits. Rather, it is the first six digits of a payment card number that identify the issuing bank.").

[33] *See* Declaration of Raju Sitaula ¶ 20, *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 21, 2024) ("Decl. R. Sitaula").

reliably identify the tax and gratuity amount for each transaction or calculate the corresponding interchange fee credit.[34] Even if each of these hurdles could be overcome, building new systems and hiring staff to facilitate this highly manual process would require time to develop and test.[35]

Despite the complex and potentially unworkable nature of the interchange fee prohibition, the IFPA exposes national banks to penalties of $1,000 per transaction for failing to comply with its provisions.[36] Given the upwards of 6.5 billion payment card transactions that occur yearly in Illinois, participants in the payment card systems could be subject to as much as $6.5 trillion in liability per year for non-compliance with IFPA.[37] The potential liability could pose significant risk to a national bank's safety and soundness as well as the national banking system.

In light of the above, the card networks and banks may seek to mitigate their liability, for example, by advising merchants in Illinois not to accept payment cards for tax and gratuity, attempting to decline certain classes of transactions (*e.g.*, purchases of gasoline, where excise tax is imbedded in the product's price),[38] or denying payment card transactions originating in Illinois or elsewhere.[39] Some smaller banks may even be forced to stop offering payment cards

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[34] 815 ILCS 151/150-5.

[35] Decl. R. Sitaula, *supra*, ¶ 26.

[36] 815 ILCS 151/150-15(a).

[37] *See* Federal Reserve, *Federal Reserve Payments Study*, 2024 Accessible Version of Trends in Noncash Payments (March 6, 2025); U.S. Bureau of Economic Analysis (BEA), *SQGDP1 State Quarterly Gross Domestic Product Summary* (accessed Thursday, April 9, 2026). The number of payment card transactions in Illinois was estimated by aggregating the estimated number of 2022 card transactions in the United States as reported in the Federal Reserve Payment Study's 2024 Accessible Version of Trends in Noncash Payments and multiplying by 3.9 percent, which is Illinois's share of the current United States dollar Gross Domestic Product in 2025 according to the BEA.

Note that each party in a single transaction seemingly could be subject to the $1,000 fine, so the total fines attributable to one transaction could be more than $1,000.

[38] Since the excise tax is included in the price of gas in Illinois and varies by grade of fuel, it may be impossible for merchants to transmit only the cost of the fuel and not the excise tax.

[39] *See* ABA Letter, *supra*. Currently, the data provided to the payment card network as a part of an electronic transaction includes the physical location of the merchant. However, that data may reflect the merchant's headquarters or other location and not the location where the transaction occurred. Further, for online purchases, determining where the purchase took place is even trickier and that information is also not currently conveyed

altogether.[40] Some have stated that compliance with the IFPA could lead to "potentially business-ending consequences" for some participants.[41]

The OCC understands that banks will need to communicate with customers and other stakeholders about the effects of the IFPA, including potential changes to the functionality of payment cards.[42] As noted above, these communications may generate significant confusion and doubt about access to basic lending and deposit services, especially when combined with potential widespread and unpredictable declinations of payment card transactions. This could lead to economic harm and disruption and pose significant risks to the safety and soundness of national banks and the national banking system as a whole.

To avoid these potentially grave consequences, the OCC is acting by interim final rule.

B. Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (PRA),[43] the OCC may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC has reviewed this interim final rule and determined that it does not create any new or revise any

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through the payment card networks. Decl. D. Cohen, *supra,* ¶ 25. As a result, blocking every transaction subject to the IFPA, and only those transactions, may be technically difficult to achieve. Such efforts may result in transactions that are not subject to IFPA being blocked, *e.g.*, a transaction that occurs in Indiana, but where a merchant's payment card terminal reflects its headquarters location in Illinois.

[40] Declaration of Rick Francois ¶ 15, *Ill. Bankers Ass'n v. Raoul*, No. 24-cv-07307 (N.D. Ill. Aug. 21, 2024) ("[The]manual reimbursement solution as currently proposed under the legislation creates an unsustainable burden on debit card issuers of our size. If the debit card product becomes unprofitable for banks of our size, they will be forced to consider no longer offering these cards to their consumers. Not offering the debit card product would be harmful not only to banks of our size, but to our consumer clients.").

[41] *Ill. Bankers Ass'n,* 2026 WL 371196, at *6.

[42] ABA Letter, *supra*, at 3.

[43] 44 U.S.C. 3501-21.

existing collections of information. Accordingly, no PRA submissions to OMB will be made with respect to this interim final rule.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)[44] requires an agency to consider whether the rules it proposes will have a significant economic impact on a substantial number of small entities.[45] The RFA applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b). As discussed above, consistent with § 553(b)(B) of the APA, the OCC has determined for good cause that general notice and opportunity for public comment is impracticable and therefore is not issuing a notice of proposed rulemaking. Accordingly, the RFA's requirements relating to initial and final regulatory flexibility analysis do not apply to this interim final rule.

However, the OCC evaluated whether the interim final rule will have a significant economic impact on a substantial number of small entities. The OCC currently supervises approximately 609 small entities, of which 420 are national banks that will be impacted by the interim final rule.

In general, the OCC classifies the economic impact on an individual small entity as significant if the total estimated impact in one year is greater than 5 percent of the small entity's total annual salaries and benefits or greater than 2.5 percent of the small entity's total non-interest expense. Furthermore, the OCC considers 5 percent or more of OCC-supervised small entities to be a substantial number. Thus, at present, 30 OCC-supervised small entities would

[44] 5 U.S.C. 601 *et seq*.

[45] Under regulations issued by the Small Business Administration (SBA), as of June 2025, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of $850 million or less and trust companies with total assets of $47 million or less. The SBA may adjust these thresholds annually, so check the citation for the most recent asset thresholds. *See* 13 CFR 121.201.

constitute a substantial number. Therefore, since the interim final rule will affect all 420 OCC-supervised national banks, a substantial number of OCC-supervised small entities would be impacted.

However, the interim final rule imposes no new mandates, and thus no direct costs, on affected OCC-supervised institutions. Therefore, the OCC believes that the interim final rule will not have a significant economic impact on a substantial number of small entities.

D. Unfunded Mandates Reform Act of 1995

As a general matter, the Unfunded Mandates Reform Act of 1995 (UMRA) requires the preparation of a budgetary impact statement before promulgating a rule that includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year ($193 million as adjusted annually for inflation).[46] However, the UMRA does not apply to final rules for which a general notice of proposed rulemaking was not published. As discussed above, consistent with § 553(b)(B) of the APA, the OCC has determined for good cause that general notice and opportunity for public comment is impracticable and therefore is not issuing a notice of proposed rulemaking. Moreover, the OCC has analyzed the interim final rule under the factors in UMRA. Because this interim final rule imposes no new mandates, it will not require additional expenditure of $193 million or more annually by any State, local, or tribal governments, in the aggregate, or by the private sector. Accordingly, for these reasons, the OCC has not prepared the written statement described in § 202 of UMRA.

[46] 2 U.S.C. 1531 *et seq.*

E. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to § 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA) of 1994,[47] in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, the OCC must consider, consistent with principles of safety and soundness and the public interest, (1) any administrative burdens that the final rule would place on depository institutions, including small depository institutions and customers of depository institutions and (2) the benefits of the final rule. This rulemaking does not impose any reporting, disclosure, or other requirements on insured depository institutions. Therefore, § 302(a) does not apply to this interim final rule.

F. Executive Orders 12866 and 14192

Executive Order 12866 provides that the Office of Information and Regulatory Affairs (OIRA) within OMB will review all "significant regulatory actions" as defined therein. OIRA has determined that this interim final rule is an economically significant regulatory action under section 3(f)(1) of Executive Order 12866.

As discussed above and in the *Supplementary Information* section of the OCC's concurrent interim final order finding that Federal law preempts the IFPA (Preemption Order), the IFPA would impose substantial costs on banks. This interim final rule clarifies the scope of national banks' power to charge non-interest charges and fees. As explained in the Preemption Order, the IFPA prevents or significantly interferes with this power and is preempted with respect to national banks. Therefore, this interim final rule, the effect of which is made clear by the Preemption Order, will result in significant cost savings.

[47] 12 U.S.C. 4802(a).

Executive Order 14192, titled "Unleashing Prosperity Through Deregulation," separately requires that an agency, unless prohibited by law, identify at least 10 existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation with total costs greater than zero. Executive Order 14192 further requires that new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations. The OCC has determined that the interim final rule will be a deregulatory action under Executive Order 14192 because it may provide legal clarity for affected OCC-supervised institutions.

G. Congressional Review Act

Before a rule can take effect, Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act or CRA)[48] provides that the OCC must submit to Congress and to the Comptroller General the rule along with a report indicating whether it is a "major rule." In general, if a rule is a "major rule," the CRA provides that the rule may not takes effect until 60 days after Congress receives the required report or publication of the rule in the Federal Register.[49] The CRA defines a "major rule" as any rule that the Administrator of OIRA finds has resulted in or is likely to result in (1) an annual effect on the economy of $100,000,000; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions, or (3) a significant adverse effect on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.[50] OIRA has determined that this interim final rule is a major rule.

[48] 5 U.S.C. 801 *et seq*.
[49] 5 U.S.C. 801(a)(3).
[50] 5 U.S.C. 804(2).

The effective date of this interim final rule is June 30, 2026. As required by the Congressional Review Act, the OCC will submit the interim final rule and other appropriate reports to Congress and the Government Accountability Office for review.

H. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023[51] requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website *www.regulations.gov*. While the OCC is not issuing a notice of proposed rulemaking, a summary of this interim final rule can be found below and at *https://occ.gov/topics/laws-and-regulations/occ-regulations/proposed-issuances/index-proposed-issuances.html*.

The OCC is adopting an interim final rule to clarify that national banks' power 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. Further, the interim final rule explains that national banks may charge non-interest charges or fees, even when such charges and fees are set by or in consultation with third parties. The OCC invites public comments on this interim final rule.

List of Subjects in 12 CFR Part 7

Bonds, Computer technology, Credit, Insurance, Investments, Metals, National banks, Reporting and recordkeeping requirements, Savings associations, Securities, Surety bonds, Usury.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[51] 5 U.S.C. 553(b)(4).

12 CFR Chapter I

Authority and Issuance

For the reasons set out in the preamble, the OCC amends part 12 of chapter I of title 12 of the Code of Federal Regulations as follows:

PART 7—ACTIVITIES AND OPERATIONS

Subpart D—Preemption

1. The authority citation for part 7 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.,* 25b, 29, 71, 71a, 92, 92a, 93, 93a, 95(b)(1), 371, 371d, 481, 484, 1462a, 1463, 1464, 1465, 1818, 1828, 3102(b), and 5412(b)(2)(B).

2. Revise and republish § 7.4002 to read as follows:

§ 7.4002 National bank non-interest charges and fees.

(a) *Definition.* For the 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, including through a fee sharing or similar economic relationship.

(b) *Authority to impose charges and fees.* A national bank may charge non-interest charges and fees, including deposit account service charges and interchange fees from credit and debit card operations.

(c) *Considerations.*

(1) Business decisions regarding non-interest charges and fees permitted under this section should be arrived at by each national bank on a competitive basis and not on the basis of any agreement, arrangement, undertaking, understanding, or discussion with other banks or their officers.

(2) Decisions regarding charging non-interest charges and fees, including their amounts, the method of calculating them, whether to enter into business relationships or lines of business, and whether they are set by or in consultation with third parties, are business decisions to be made by each national bank, in its discretion, according to sound banking judgment and safe and sound banking principles. A national bank establishes non-interest charges and fees in accordance with safe and sound banking principles if it employs a decision-making process through which it considers the following factors, among others:

(i) The cost incurred by the national bank in providing the service;

(ii) The deterrence of misuse by customers of banking services;

(iii) The enhancement of the competitive position of the national bank in accordance with its business plan and marketing strategy;

(iv) The use of third parties to provide or facilitate the provision of a product or service; and

(v) The maintenance of the safety and soundness of the national bank.

(d) *Interest.* Charges and fees that are "interest" within the meaning of 12 U.S.C. 85 are governed by § 7.4001 and not by this section.

(e) *State law.* The OCC applies preemption principles derived from the United States Constitution, as interpreted through judicial precedent, when determining whether State laws apply that purport to limit or prohibit charges and fees described in this section.

(f) *National bank as fiduciary.* This section does not apply to charges imposed by a national bank in its capacity as a fiduciary, which are governed by 12 CFR part 9.

Katherine S. Tyrrell
First Deputy Comptroller of the Currency.