ILLINOIS BANKERS®

November 23, 2026

Via Electronic Delivery to Federal eRulemaking
Portal and comments@FDIC.gov

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments — RIN 3064-AG34
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Re: **RIN 3064-AG34, State Bank Parity**

The Illinois Bankers Association (IBA)[1] is writing on behalf of its members to strongly support the Notice of Proposed Rulemaking, which would help our state-chartered members compete on an even playing field with their federally chartered counterparts. State-chartered banks are central to the Illinois economy and to our association. The majority of our members are state-chartered, and Illinois is home to one of the largest concentrations of active state-chartered banks and savings banks in the nation.

The strength of our state's financial system depends on the deep-rooted dual-banking system, which makes it possible for our members to serve consumers and businesses throughout the state. As noted by the 2025 Annual Report of the Conference of State Bank Supervisors, state-chartered banks provide more than half of all small-business loans and two-thirds of agricultural lending in the country. This system allows banks of all sizes to operate in our state, serving diverse customers from established industries to cutting-edge tech companies, while providing competitive services to attract their consumer and business clients.

Through Illinois banks' financial literacy and inclusion efforts, such as Bank On Illinois, the rate of unbanked households in Illinois "hovers around 4.4%" (according to the Illinois Comptroller's most recent Bank On Illinois Annual Report for 2025–2026). Dozens of Illinois banks provide Bank On's certified, safe, and low-cost checking accounts. Illinois is fourth in the nation for certified Bank On products, with 373,855 accounts open in Illinois.

Unfortunately, a common unintended consequence of new state laws is that they impose onerous expenses and potential fines only on institutions chartered in Illinois — while national banks and federal savings associations benefit from federal laws that protect them from a damaging patchwork of state laws. This unintended consequence ultimately harms state-chartered banks' ability to serve their consumer and business customers.

Some Illinois laws, such as the Illinois Community Reinvestment Act, expressly state that their burdens and annual fees apply only to Illinois-chartered banks and credit unions, among others, and not to national banks (*see* 205 ILCS 735/35-5, definition of "Covered financial institution"). Other laws, like the Interchange Fee Prohibition Act (IFPA), apply only to Illinois-chartered institutions under constitutional preemption principles, as confirmed by a federal court (which excluded "any Illinois-chartered financial institutions" from the scope of its permanent injunction against the IFPA).

[1] The Illinois Bankers Association is a full-service trade association dedicated to creating a positive business climate for the entire banking industry and the communities we serve. Founded in 1891, the IBA brings together state and national banks and savings banks of all sizes in Illinois. Over 52% of IBA members are community banks with less than $250 million in assets, and over 75% of IBA members are community banks with less than $750 million in assets. Collectively, the IBA represents nearly 90% of the assets of the Illinois banking industry, which employs more than 105,000 men and women in over 5,000 offices across the state.

The IFPA is a particularly clear example. It will be extremely damaging to the smooth operation of the nationwide card-based payment system, which enables banks of all sizes and charter types to offer access to customers' accounts through fast, dependable payments — regardless of where the cardholder happens to use their cards.

As the FDIC rightly notes, a misreading of the Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994 would view its protection as extending only to out-of-state banks with branches "physically located" in Illinois. This misreading would place unneeded risks on any state-chartered banks that wish to serve customers across state lines — or even community banks operating within state lines that experience natural movement of customers into neighboring states to work, study, or retire.

The operational complexity associated with identifying which transactions the IFPA applies to, coupled with the law's substantial penalties for non-compliance, could lead some issuing banks that do not have a physical branch in Illinois to evaluate whether they should reject payment card transactions in the state — causing substantial disruption and confusion for both merchants and consumers in Illinois. Absurd outcomes like this underline the value of confirming Riegle–Neal's critical role in ensuring that laws like the IFPA do not disrupt state banks' ability to operate efficiently and compete effectively with national banks that do not face similar constraints.

In our view, this proposal is particularly important for the Illinois banking industry. It would provide much-needed clarity by reinforcing that state laws will not apply in a confusing patchwork, but instead will apply in a predictable, logical way that allows state-chartered banks to apply laws as a national bank would when operating in the same state.

The proposal would clear the way for Illinois banks to grow in serving their consumer and business customers. Banks will be able to continue their financial outreach efforts like Bank On with certainty, rather than getting lost in the details of a conflict-of-laws analysis for every customer who crosses a state line. Our state's banks will remain competitive and can invest in innovation rather than compliance and legal fees.

Thank you for your consideration of our comments, and please let us know if you have any questions.

Very truly yours,



David Boulay
President and CEO
Illinois Bankers Association