



**Delaware Bankers Association
Delaware Financial Education Alliance**



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To: DBA and DFEA Members
From: Karyn S.W. Polak
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Subject: Legislative Update

Our purpose at the DBA/DFEA is to support you so that you are positioned to excel, for your clients, employees, communities, and ultimately the State of Delaware and beyond. I welcome your input (now and always) on this Update and generally: *What information would be most useful to you? What do you need more of? Whom would you like to hear from, and on what topics?* Please reach out anytime.

Note that there are always developments that occur right after we finalize this report, which we've not attempted to include here.

Thank you for your membership!

1. State Legislative Issues

The 2nd session of the 153rd General Assembly will begin on Tuesday, January 13, 2026. Delaware's Governor and our key contacts in the Legislature remain ears-wide-open on opportunities to launch the industry forward, though concrete ideas have not yet come into focus.

DIDMCA. One national issue that has important implications for Delaware is the recently-issued 10th Circuit Court decision regarding Colorado's opt-out from The Depository Institutions and Deregulation and Monetary Control Act of 1980 (DIDMCA), the impetus for Delaware's Financial Center Development Act (FCDA), which attracted out-of-state banks and credit card companies to the state and launched our pre-eminence in the industry. In 2023, Colorado opted out of DIDMCA, claiming it could therefore impose its usury laws on other states' state-chartered banks when lending to Colorado residents. Industry groups fighting this interpretation initially won a preliminary injunction, but the 10th Circuit overruled that lower-court decision.

This latest ruling puts at significant risk the rate exportation rights that state-chartered banks have enjoyed for 45 years. Our fear is that copycat states will pursue the same opt-out pathway and interpretation, which would then prevent both (1) out-of-state banks from imposing their rates and fees on loans to residents of the opt-out states and (2) state-chartered banks of the opt-out state to lose their right to export rates and fees to other states. Note that 14 states' Attorneys General supported Colorado in this litigation. With the help of our member bank Bread Financial leading the charge, we are urging our peer state bank associations to oppose new opt-out bills, join in a future

amicus brief appealing the 10th Circuit decision, and support any federal bill we can craft and move forward to amend DIDMCA and settle the matter nationally and with finality.

OSBC Leadership. In the absence of a permanent replacement for former Commissioner of the OSBC Robert Glen, Lisa Collison has been officially named Acting Commissioner in addition to her existing role. She is eager to hear from and speak with OSBC-regulated institutions – a desire for transparency and communication that we will gladly facilitate (more to come on this front). Meanwhile it seems the elements of a strong successor Commissioner we compiled after discussion with a cross-section of our membership – including someone forward-thinking, open to innovation, knowledgeable about the many different types of regulated entities, and skilled in leadership – are in fact shared goals of the Governor, the Secretary of State, State Senator Mantzavinos, and others in a position to influence the ultimate appointment. Nevertheless, strong candidates have been difficult to source, not least because of the salary structure for the role.

As we prepare for the second session of the 153rd General Assembly, we take a look back at the numerous unresolved issues from last year, as well as legislation intentionally postponed. With so much carried over, the upcoming session is expected to be extremely active.

Several banking-related bills were deferred to 2026 during the previous session. Notably, the proposal to track merchant codes on gun purchases stalled in the House after the gun lobby secured enough Democratic votes to block it; a revised version is anticipated to return in 2026.

Bank fees are also expected to draw significant attention, including fees on CDs, rollover practices for maturing CDs, and charges associated with processing agreement cancellations. Interchange fees may also emerge as a prominent topic. While discussions have previously been limited, the issue tends to surface in broader conversations about banking practices.

Fintech is poised to play a major role as well. Senator Mantzavinos, chair of the Banking Committee, remains a strong advocate for fintech initiatives. A key bill he continues to support involves Earned Wage Access, which failed to gain sufficient traction last session. He is also closely watching Nebraska’s recent establishment of the nation’s first “digital asset bank” charter.

Additional issues likely to appear on the agenda include fraud involving crypto ATMs, a proposed income-tax increase that did not pass last year, and the growing use of advanced computer technologies—such as AI and chatbots—in customer interactions. And finally, end of life settlements, an issue that has been floated around legislative hall for the better part of a decade, is likely to be revisited.

2. Federal Legislative Issues

We continue to monitor and advocate with respect to many of the same issues as in our last report, and we have also seen some legislative wins and new efforts.

Ongoing topics

Stablecoin. Even after the close of the official period for Treasury’s [request for public comment](#) related to its implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins Act, or “[GENIUS Act](#)”, debate continues in Congress, the regulatory agencies, and the media. Our primary focus remains the interest/rewards loophole that we feel must be closed: the possibility of issuer affiliates offering interest or rewards to incentivize stablecoins over liquid deposits. Additional important concerns include:

- Deposit flight (and therefore a material contraction in lending capabilities), which Federal Reserve Governor Stephen Miran discounted in a [public speech](#),
- Implications for the Treasuries market and monetary policy from the reserves requirements, and
- Fraud and market stability fears (will stablecoin issuers be considered Too Big To Fail? Or will they fail and pull down the rest of the economy with them?).

Meanwhile FDIC Acting Chairman Travis Hill has said the FDIC plans to issue a proposal later this year to establish an application process for stablecoin issuers and is considering guidance on tokenized deposit insurance for banks that want to explore the option. Note that federal regulations implementing the GENIUS Act are theoretically due by July 18, 2026, and any states that wish to seek certification for a federal-equivalent regulatory scheme must apply by January 18, 2028. We understand that the Conference of State Bank Supervisors (CSBS) is working on model legislation to offer states that wish to seek certification.

A timely [new survey](#) by FIS suggests that nearly three in four consumers (78.4%) are open to trying stablecoins and other digital currency services if offered by their primary bank, compared to just 3.6% who would feel comfortable using unregulated providers.

Interchange. This topic will always be at the forefront of the industry's minds. Senators Josh Hawley (R-Mo.) and Bernie Sanders (I-Vt.) have sponsored the 10 Percent Credit Card Interest Rate Cap Act, which would impose an all-in annual percentage rate cap of 10% on credit cards. On the other hand, there are at least some in the Administration's orbit that appreciate the concerns with fee caps, including President Trump's former campaign adviser [Steve Moore](#).

Debanking. The confusion, misdirection, and additional "guidance" on debanking also continues, both via proposed legislation and by way of interpretive messaging from regulatory agencies. On the legislative side, 43 of the 44 bills on debanking failed. At the same time, Senator Thom Tillis (R-N.C.) recently released a discussion draft of proposed legislation ("Ensuring Fair Access to Banking Act") purportedly to address alleged debanking by banks and banking regulators by creating a national standard for account access and establishing new watchdog mechanisms for banking agencies. It's unclear how much traction this proposed bill has at the moment.

From the regulatory side, the OCC's Commissioner Gould shared at the Clearing House's annual conference in New York City that he is focused on examiner practices on BSA/AML compliance and that the OCC is focusing on the very largest banks on the topic of debanking. He suggested that the OCC would be using its licensing process, the Community Reinvestment Act exam process, the consumer complaints it receives, and third-party databases to uncover debanking issues.

Other. Deposit insurance reform was the subject of a four-hour hearing at the Senate Financial Services Committee, though Congress's desire for clarity and lack of conflict is difficult to meet on this topic that involves so many diverse perspectives and little concrete data to support one approach or another. SAFE banking for marijuana-related customers also remains stuck despite bipartisan voter support and a bill that has passed the House seven times.

Progress highlights

ACRE. Agriculture lenders and clients might rightfully suggest that the biggest legislative win over the last few months was the Access to Credit for our Rural Economy Act (ACRE). Decades in the making, [ACRE was enacted as part of this summer's One Big Beautiful Bill Act](#) and permits banks to exclude from gross income 25% of interest income derived from certain qualified real estate loans without a sunset date. This lowers the cost of credit and makes credit more widely available for farmers and ranchers. These changes didn't go nearly as far as the ag industry would have liked or as we and other industry associations were advocating for, but they are important nonetheless. Some of the additions we understand the ABA is advocating for include the passage of a five-year Farm Bill that reflects meaningful increases to the guaranteed loan limits at the Farm Service Agency – increasing FSA guaranteed loan limits to at least \$2.5 million for operating loans and at least \$3.5 million for farm ownership loans (current levels are capped at \$1.75 million for both types of loans).

Since the enactment of ACRE via the OBBBA, the Internal Revenue Service has issued [interim guidance](#) with respect to ACRE that defines key terms from the law, establishes standards for determining whether a loan is secured by rural or agricultural property, and provides rules regarding refinancings. This guidance will remain in place until the Treasury Department and IRS issue regulations to implement the law. The IRS is also inviting the public to comment on the proposed regulations.

CFPB Rule 1071. Following the judicial stay ordered in the litigation the Texas Bankers Association and the American Bankers Association brought to fight against the CFPB's 2023 Rule 1071, earlier this month the CFPB released [a proposed rule](#) that contains much "more modest requirements" focused on core lending products, lenders and data. The bureau said it plans to take an "incremental approach" in which the rule could be revisited in the future to add more data points to the collection requirements, if needed. (Also see below regarding the future of the CFPB generally.)

Taxation of Stock Repurchases. In a positive development, the IRS has removed a controversial rule in a new regulation implementing a 1% excise tax on certain types of stock repurchases. The IRS said it received many comments on the funding rule, several (including strong advocacy from the ABA) of which cited concerns about the compliance burden and lack of clarity on its application, and therefore the agency determined not to adopt the proposed funding rule.

New proposals

BSA/AML. This month we joined all the state bank associations and the ABA in a letter to congressional leaders in support of two important bills:

- The STREAMLINE Act (S. 3017), led by Sen. John Kennedy (R-LA) and Chairman Tim Scott (R-SC), and
- The Financial Reporting Threshold Modernization Act (H.R. 1799), led by Rep. Barry Loudermilk (R-GA).

These bills propose to increase currency transaction reporting (CTR) thresholds from \$10,000 to \$30,000, periodically adjusted for inflation, and increase suspicious activity reporting (SAR) thresholds from \$5,000 to \$10,000. The ABA has learned that Senator Scott would like to see markup on the Streamline Act legislation as early as November.

Also, the OCC announced this week that it is issuing supplementary guidance that [tailors](#) the agency's application of the BSA/AML examination procedures for all community banks based on these banks' generally low levels of money laundering and terrorist financing risk. The OCC also announced that it is [discontinuing](#) its Money Laundering Risk (MLR) system data collection.

3. Federal Regulatory/Executive Administration Issues

Regulatory oversight principles and rules continue to shift. At the same time, there is an increasing (and encouraging) focus on tools to combat fraud, and a perhaps unexpected mix of ideas that may change the mortgage market if they take hold.

Regulatory structure

Supervision. The Federal Reserve released [new principles](#) for its bank supervision, and the FDIC updated its [consumer compliance schedule](#). The Senate Banking Committee voted to advance the nomination of Travis Hill, currently acting chairman of the FDIC, to be the chairman.

Moving in a different direction, the Administration is [shifting](#) all of the litigation employees from the CFPB to the Department of Justice and has issued mass furlough notices to CFPB staff. And yet, the Administration has also ruled that the CFPB's examiners will need to read a ["humility pledge"](#) to their regulated institutions during 2026 exams. Also President Trump [nominated](#) Stuart Levenbach to lead the CFPB, although some suspect this move is merely administrative, in order to permit Office of Management and Budget Director Russ Vought to continue leading the agency as acting director without a Senate confirmation.

Mortgage market. Since the Great Financial Crisis, there have been discussions and proposals concerning Fannie Mae, Freddie Mac, and the way the mortgage market works generally. Recently conversation and competition has focused on the FICO credit scoring model (see last month's Legislative Update). Now the head of the Federal Housing Finance Agency (FHFA), Bill Pulte, has [suggested](#) that FHFA may accept FICO's new 10T scoring model, potentially in addition to the proposed competitor VantageScore 4.0. President Trump has also asked Pulte to develop a [50-year mortgage product](#), though the idea has not been well received.

Challenges and risks

Phasing out the penny. Penny shortages and ambiguities in the legal guardrails for phasing out the penny [continue to challenge](#) not only our industry but retailers across the country. The ABA is working with many other trade groups to seek legislative clarity and regulatory certainty in this realm.

Fraud Prevention. The ABA and more than a dozen other trade groups are going on offense with respect to combatting fraud at the primary sources of facilitation: telecoms and social media platforms. To begin to address the telecommunications side, those joint trades issued a [letter](#) to the FCC proposing improvements to the current regulatory structure.

Cryptocurrency. Federal law enforcement agencies announced an interagency "strike force" to target Southeast Asian cryptocurrency investment scams. Meanwhile the [OCC](#) will now allow banks to hold small amounts of cryptocurrency used to cover transaction costs on cryptocurrency networks.

Credit Unions. [A new survey](#) conducted by Morning Consult on behalf of the American Bankers Association found that a wide majority of U.S. consumers (67%) believe that Congress should reexamine the tax-exempt status of federal credit unions, with only 14% opposed to such a

hearing. Another interesting data point coming out of the survey indicates that consumers believe credit union acquisitions of banks should receive the same level of regulatory scrutiny as bank mergers (68% said they should vs 10% who said they shouldn't).
