MICHIGAN
CREDIT UNION LEAGUE

July 6, 2026

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Request for Comment Preemption—Federal Credit Union Non-Interest Charges and Fees

Dear Ms. Conyers-Ausbrooks:

On behalf of the Michigan Credit Union League, I am writing in response to the National Credit Union Administration's (NCUA) interim final rule (IFR) published on June 9, 2026, with an effective date of June 30, 2026, to clarify the NCUA's preemption authority related to federal credit unions (FCUs) ability to receive non-interest charges and fees, including interchange fees. The Michigan Credit Union League is the statewide trade association for Michigan's credit union industry representing 171 credit unions in the state. Overall, we applaud the NCUA's efforts to ensure that FCUs are not subject to the harmful effects of the Illinois Interchange Fee Prohibition Act (IFPA), and we offer some additional perspective on the impacts of the IFR on federally insured, state-chartered credit unions for the agency's review and consideration.

The state of Michigan is home to 112 federally insured, state-chartered credit unions; credit unions that were left out of this IFR and who are directly impacted by the IFPA in the same way as FCUs. In multiple instances, the NCUA has issued rules pursuant to their authority under the Federal Credit Union Act (FCU Act) impacting not only FCUs but Federally Insured Credit Unions (FICUs) as well. As part of this IFR, we feel that the NCUA should have included FICUs under their supervisory authority. Furthermore, in the Agency's recent *Records Preservation Program and Appendices—Record Retention Guidelines; Catastrophic Act Preparedness Guidelines* (RIN 3133-AF61), the Agency states "Under the FCU Act, NCUA is the chartering and supervisory authority for FCUs and the federal supervisory authority for FICUs. The FCU Act grants NCUA a broad mandate to issue regulations governing both FCUs and all FICUs." The rule goes on to say Section 209 of the FCU Act is a plenary grant of regulatory authority to issue rules and regulations necessary or appropriate to carry out its role as share insurer for all FICUs. Accordingly, the FCU Act grants the Board broad rulemaking authority to ensure that FICUs and the Share Insurance Fund remain safe and sound."[1] We feel that the same authority referenced should be utilized as part of this IFR.

The language of the IFPA is unworkable under the current payments structure for all credit unions and other financial institutions still subject to its requirements. The current payment ecosystem was not set up to automatically and universally segregate pieces of transactions in the way it is required by the IFPA. Furthermore, the manual process outlined within the IFPA will leave financial institutions open to liability as merchants in Illinois have 180 days to transmit relevant documentation to the acquiring financial institution outlining what is subject to reimbursement. Following that, the issuer has 30 days from receipt to credit the merchant the interchange fee charged on the tax and/or gratuity portion of the reported transaction(s).[2] This process has the potential to lead to a span of 210 days where a financial institution may be required to remit

[1] National Credit Union Administration, *Records Preservation Program and Appendices—Record Retention Guidelines; Catastrophic Act Preparedness Guidelines,* 91 Fed. Reg. 36073, 36074 (June 16, 2026).
[2] *815 ILCS* 151/150-10(b)

back to the merchant interchange fees from a transaction that has long been settled. This will force institutions to create an entirely new process for transactions originating in the state of Illinois. The liability does not stop here, credit unions who do not adhere to the IFPA are subject to a potential $1,000 per transaction civil penalty.[3] As the Agency states in the language of the IFR, "given the upwards of 6.5 billion payment card transactions that occur yearly in Illinois, participants in the payment card could be subject to as much as $6.5 trillion in liability per year for non-compliance with IFPA."[4]

All credit unions who are federally insured are responsible for the safety and soundness of the National Credit Union Share Insurance Fund (NCUSIF) in addition to their own institutions, which means that all institutions under the NCUA's authority should be preempted just the same. Compliance exposure and the potential for lofty civil penalties create a direct risk to safety and soundness which, in turn, has the potential to impact the safety and soundness of the NCUSIF. Even if one only considers the daily foot traffic through O'Hare Airport, cashless Wrigley Field, or tourists shopping the "Magnificent Mile" in the summer, for example, the transaction-by-transaction impact and systemic danger to FICUs is immediately apparent. The Agency further notes, "The potential liability could pose significant risk to FCUs' safety and soundness as well as the nation's banking system",[5] underscoring how detrimental the IFPA is on a nationwide scale and further necessitating our ask that FICUs be included in the protections afforded FCUs under this IFR.

If state-chartered, federally insured credit unions are not preempted and the IFPA is to go into effect on July 1, 2027, there will be a direct competitive disadvantage to state-chartered, federally insured credit unions. These credit unions will be subject to the harmful and onerous requirements of the law while FCUs and others who have been preempted either by the court or their regulator will not be impacted. This uneven application would undermine charter parity and place FICUs at a regulatory and operational disadvantage for reasons unrelated to safety, soundness, or conduct of the institution. The result would be an inconsistent framework in which similarly situated federally insured credit unions are treated differently solely based on charter type, despite facing the same payment system realities and the same risk to their members and the NCUSIF.

Furthermore, for the vast majority of credit unions, especially those that are out-of-state, it is not economically or operationally feasible for them to build, maintain, and validate state-specific transaction-level systems like those required by the IFPA. If the IFPA is allowed to move forward, it will lead to a cascade of other states looking to do the same, directly impacting affected institutions' ability to offer card products to their members. In turn, it is very likely that consumers will face higher costs, fewer payment card options, and reduced card network participation. These outcomes would be especially harmful to credit union members who rely on safe, affordable, and widely accepted payment products in their daily financial lives. For these reasons, FICUs should receive the same preemptive protection under the IFR to ensure that federally insured state-chartered credit unions are not forced to absorb disproportionate operational burdens or reduce access to essential payment services for their members.

The NCUA has long been afforded the power to regulate and supervise FCUs and FICUs under the FCU Act. We simply ask that the NCUA look at the detrimental impact that the IFPA would have on state-chartered credit unions who have been left out of this IFR as well as the very real and direct threat to the NCUSIF. Without action by the NCUA there will be federally insured, state-chartered credit unions across the country that are subject to the state law of Illinois simply because they allow their members access to payment cards.

[3] *815 ILCS* 151/150-15(a)

[4] National Credit Union Administration, *Preemption—Federal Credit Union Non-Interest Charges and Fees*, 91 Fed. Reg. 34725, 34729 (June 9, 2026).

[5] National Credit Union Administration, *Preemption—Federal Credit Union Non-Interest Charges and Fees*, 91 Fed. Reg. 34725, 34729, 34730 (June 9, 2026).

In conclusion, we once again applaud you for the steps taken to ensure that FCUs are not subject to the requirements of the IFPA. We respectfully urge the Board to extend the same preemption to FICUs to ensure that these institutions are not disproportionately subject to the unworkable and burdensome requirements of the IFPA. Doing so would promote charter parity, avoid unnecessary operational issues, and ensure that credit union members retain access to safe, affordable, and widely accepted payment products. We appreciate the opportunity to comment on this matter.

Sincerely,

Patty Corkery

Patty Corkery
President and CEO
Michigan Credit Union League