



NEWS FROM THE FRONT

Community Bankers Association of Illinois
One Mission. Community Banks.®

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The Illinois General Assembly is in the final two weeks of the spring legislative session. Budgeteers are steadfastly working to craft a spending plan for the coming year. A comprehensive economic development package, which includes incentives to keep the Chicago Bears in Illinois, is still being finalized. Housing, regulating the use of artificial intelligence, insurance rates and prescription drug prices are major issues being considered.

Interchange

Without legislative action or a last-minute intervention by courts, the Illinois Interchange Fee Prohibition Act (IFPA) is scheduled to go into effect on July 1, 2026. CBAI drafted bills to repeal the IFPA [HB 1822/SB 1798](#), but legislative leaders have declined to take them up for consideration while a court case is pending. The General Assembly is scheduled to adjourn its spring legislative session on May 31, so the clock is ticking. Given that repeal is currently off the table, CBAI is strongly pushing for another one-year delay in implementation of the law to facilitate continued discussion after the court case is resolved.

The OCC has issued two rules protecting national chartered banks from the IFPA. The first ensures that when a national chartered bank sets fees in conjunction with a third party, like a card processor, the fee is considered to be set by the bank. This is important because in a federal court ruling earlier this year, the judge ruled that the IFPA did not conflict with the national banking acts because interchange fees were set by processors, not banks. In a second rule, the OCC specifically preempts national chartered banks from the IFPA.

There is currently no exemption for state chartered banks, processors or state chartered credit unions. CBAI asked that IDFPR consider similar protections for state-chartered banks under the wildcard provision of the Illinois Banking Act. The wildcard provision essentially says that a state chartered bank can participate in the same activities as national chartered banks unless specifically prohibited. We believe it should apply in this case. IDFPR responded that since wildcard preemption was included as an argument in the ABA lawsuit challenging the IFPA, they are awaiting a decision in that case before making a decision.

Back to the court case, earlier this year, Judge Virginia Kendall issued a split decision, ruling largely in favor of retailers. She initially ruled that the fee-setting provisions of the IFPA did not conflict with the national banking acts. She did rule in favor of banks on data-sharing provisions of the law. That led to a cross-appeal with both defendants and plaintiffs appealing the ruling to the 7th Circuit Court of Appeals. The appeals court took briefs and scheduled oral arguments, but given the new rules issued by the OCC, the court ultimately decided to remand the case back to the district court for further review. At this point, we don't know the timeline

of that review. We are hopeful there will be a new ruling before July 1, but there is no guarantee.

CBAI sent a [letter](#) to all lawmakers requesting another one-year delay in the implementation of the IFPA. Although it has been an eventful year, we find ourselves in almost the exact circumstances as a year ago, with an unsettled court case, preemption for national charters, legislative leaders unwilling to take up repeal legislation, and a looming deadline that will disproportionately harm state chartered banks. Given those same circumstances a year ago, lawmakers voted overwhelmingly to delay. We are asking them to make the same consideration this year.

Any legislative decision on delay will likely come in the eleventh hour. With 10 days left in the legislative session, we are in for a bumpy ride.

[Click here to read CBAI's letter to lawmakers](#)

Legislation Addressing Financial Exploitation Advances in the House

In an effort to combat financial exploitation of older adults, an amendment was filed to [SB 3071](#) (Stuart/Guzman). CBAI has engaged extensively with the bill sponsor, the Department on Aging, and other stakeholders through negotiations on this measure and prior legislation, including HB 4767 (Stuart), ultimately reaching a neutral position on the bill.

The compromise legislation expands the list of mandated reporters to include branch managers and compliance personnel at financial institutions, as well as investment advisers and certain securities professionals. The bill also authorizes financial institutions and securities professionals to place transactional holds on accounts of eligible adults when financial exploitation is suspected and to contact trusted family members. Importantly, the legislation provides civil immunity protections for institutions and employees acting in good faith, a provision CBAI strongly advocated for during negotiations. Additionally, the bill requires the Department on Aging to establish a web-based reporting portal by July 1, 2028, which is intended to streamline the reporting of suspected financial exploitation and other forms of abuse.

Financial exploitation of older adults and the role of banks as mandated reporters remains an ongoing issue. CBAI continues to emphasize to legislators that community banks are already active participants in identifying, preventing and reporting suspected fraud and exploitation affecting vulnerable customers.

SB 3071 was assigned to the House Executive Committee and advanced on partisan leave. The measure now awaits consideration by the full House.

Follow-Up Webinar On ELT

An on-demand recording of a second webinar focusing on implementation of Electronic Lien and Title is now available. The [first webinar](#) focused on the basics of the program and how banks could sign up. In this follow-up, we focus on specific questions bankers have generated after they signed up and had a chance to familiarize themselves with the system. Champ Title is the vendor running the program for the Illinois Secretary of State. The experts from Champ were on hand to directly answer bankers' questions. ELT will be mandatory for anyone processing more than five auto loans a year beginning on July 1, 2026. CBAI is working to provide resources for community bankers to assist with implementation.

[ELT Webinar 5/19/2026 \(Follow Up\) Recording](#)

[ELT Webinar PowerPoint Presentation](#)

[ELT Lender Tutorial](#)

[ELT Lender Portal Overview](#)

IDFPR Launches Online Complaint Portal

The Illinois Department of Financial and Professional Regulation has introduced a new online submission system aimed at making it easier for Illinois residents to file complaints against financial institutions. This new portal now allows consumers to submit complaints for both the Division of Banking and the Division of Financial Institutions, streamlining the process and enhancing accessibility for residents throughout the state. Read more [here](#).

Housing Bills Proposed

The House Executive Committee and the House Housing Committee held separate subject matter hearings to discuss Governor Pritzker's affordable housing package. Proponents argue that Illinois faces a statewide housing crisis that requires statewide action, citing a housing shortage, an affordability crisis, and barriers to building affordable housing. Opponents contend that the housing supply and affordability crisis cannot be solved with a one-size-fits-all solution and that the governor's plan does not truly address affordability. And still others maintain that the proposal furthers gentrification and accelerates displacement, and any plan enacted needs to ensure racial equity. The Illinois Municipal League countered last week with its own [proposal](#), which was met with swift opposition from the Illinois REALTORS. More information on the Governor's plan is [here](#).

ON THE FEDERAL SIDE

CBAI Named to Participate in Revising UCC Articles to Address Payment Fraud

On April 23rd, CBAI was named to participate in a Uniform Law Commission's study committee tasked with recommending revisions to the UCC's Articles 3, 4 and 4a to address the modern reality of various payment fraud, and in particular, check fraud. CBAI will attend all meetings and be fully engaged in the discussions, during which it will review and make recommendations for revisions to the appropriate articles of the UCC concerning the allocation of losses resulting from fraudulently altered and counterfeit checks and fraudulent wire transfers. CBAI appreciates the opportunity to work closely with the Independent Community Bankers of America (ICBA) on this important endeavor.

CBAI's involvement in addressing check fraud began more than four years ago when we were alerted to this problem by a member. Since then, CBAI has annually surveyed its members and provided the survey results and recommendations for addressing this pervasive and severe problem to all federal banking regulators.

Those recommendations included issuing joint supervisory guidance directed at the largest financial institutions to address their apparent compliance failures in opening fraudulent accounts, robustly examining these largest financial institutions to ensure their compliance with Know Your Customer (KYC) and related regulations, and ensuring that these financial institutions promptly and reasonably reimburse community banks for fraudulently altered checks.

[Read CBAI's April 13th letter to the regulators with survey results and recommendations](#)

CBAI Applauds the Federal Reserve's Coordinated Approach to Fraud Protection

CBAI applauds **Federal Reserve Vice Chair for Supervision Miki Bowman's recent comments** in a speech about the Fed's approach to addressing the serious and pervasive problem of payments and check fraud and its impact on consumers and small businesses. Chair Bowman's encouraging and insightful remarks revealed the development of a comprehensive strategy to prevent payments fraud, including evaluating a range of responses, building strong partnerships to address this evolving threat, collaborating with other agencies, and providing a public/private sector roundtable.

For the past four years, CBAI has shared its [annual member check fraud survey results](#) with the Federal Reserve, the OCC and the FDIC. We appreciate meeting with Fed Vice Chair Bowman last year in Washington, D.C., to discuss the survey results and our recommendations for addressing payments/check fraud. CBAI stands ready to cooperate with the Federal Reserve and other banking regulators to confront this crisis.

CFPB Publishes Final Section 1071 Small Business Data Collection Rule

On May 1st, the Consumer Financial Protection Bureau (CFPB) published the [final rule](#) for implementing the Dodd-Frank's Section 1071 small business data collection requirements. Throughout the arduous 15-year process to arrive at a revised final rule, CBAI has consistently advocated for the regulators to remove the overburdensome requirements for community banks. Happily, the final rule to implement small business data reporting includes many strong community bank exemptions, including:

Exempting institutions that originate fewer than 1,000 covered small business loans per year;
Defining a small business as one that has gross annual revenue of \$1 million or less; and
Exempting agricultural loans.

These should exempt almost all CBAI members. However, CBAI supports legislation that would exempt all community banks or fully repeal this data reporting rule and strongly opposes the exclusion of Farm Credit System lenders from the data collection requirements that apply to community banks.

[Here is the link to the final rule.](#)



The Community BancPac live and silent auctions will be held Thursday, September 17, 2026, at the JW Marriott Indianapolis. Thanks to the generosity and thoughtfulness of many of you, this night is always a fun-filled event as it kicks off the opening night of CBAI's 52nd Annual Convention & Expo. We are excited and hope to make this year's auctions another fun, exciting, memorable and most successful auction yet!

[Click here to donate NOW!](#)



FedPac Baseball Game

Tickets are on sale NOW! Thursday, July 30, 2026, at 1:15 p.m. – St. Louis Cardinals vs. Chicago Cubs at Busch Stadium.

CBAI's FedPac Fundraiser is sure to be a base-clearing homerun. This is terrific opportunity for Illinois community bankers to get together and have some fun while supporting a great cause. If your bank is interested in sponsoring the event please contact [David Schroeder](#) at 847/909-8341.

[Click here to register for tickets](#)

Capitol Fax Blog

Did You Know That CBAI Members Have Free Access to the Capitol Fax Blog?

Want more insight into Illinois politics? The Capitol Fax Blog offers a daily insider perspective. It's a subscription service, but CBAI offers community bankers access for free in the Members Only section of [cbai.com](#). Need a members-only password? Just reach out to [Stacy Workman](#) and she will assist you.

If you have any questions or comments, please contact [Jerry Peck](#) or [Megan Peck](#) of the CBAI Governmental Relations Team.

