



**Delaware Bankers Association  
Delaware Financial Education Alliance**



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**To: DBA and DFEA Members**  
**From: Karyn S.W. Polak**  
**President, CEO, and Treasurer**  
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**Subject: Legislative Update**

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Our purpose at the DBA/DFEA is to support you so that you are positioned to excel for your clients, employees, communities, and ultimately our neighbors in the State of Delaware and beyond. Advocating for our members is a key strategic priority for us, and sharing this month's Legislative Update is one way in which we execute on that priority. Note that there are always developments that occur right after we finalize this report, which we've not attempted to include here.

Please reach out and share with us your perspectives on the issues mentioned here. *Which are the key issues for you and your institution? Are there areas of legislative and regulatory activity not mentioned here that we ought to have on our radar screen? What information would be most useful to you?* Thank you for your membership!

### **STATE LEGISLATIVE ISSUES**

**HB315 Interchange.** In early March the Joint Finance Committee budget hearings came to a closure and the House and Senate reconvened. It didn't take long for the legislature to introduce several controversial bills across healthcare, energy and banking. Of utmost concern is HB 315, which would ban charging swipe fees on the tip portion of a transaction. Similar legislation has been introduced in 34 states since 2005 and has become law in only one – Illinois – and there it was not negotiated through the legislative process but rather as an eleventh-hour budget deal with merchants. Moreover, the litigation fighting the Illinois law remains active.

While the Delaware bill passed the House Banking Committee, we understand its proponents shared a lot of misinformation with legislators during the legislative break in February. Now that we and other opponents of the bill have had the opportunity to share our concerns regarding the unintended consequences of this legislation, HB315 has become stalled in the House, at least temporarily. While there is still a tremendous amount of work to do to prevent this bill from becoming law, the tide

seems to have shifted in our favor. We anticipate having to actively work this bill through the end of the legislative session on June 30.

Modernization of Banking Regulatory Oversight. The Governor held a press conference on Monday, March 23<sup>rd</sup>, at the University of Delaware Center for Advancing Financial Equity (CAFE) to announce the filing of two historic banking bills, both of which we and some of our members had a hand in drafting. Many dignitaries were in attendance, including Governor Matt Meyer, Senate Banking Chairman Spiros Mantzavinos, House Banking Chairman Bill Bush, Bank Commissioner Lisa Collison, and Mike Bowman and Kristen Castell from CAFE. The Delaware Bankers Association was honored to provide remarks on this historic occasion as Delaware continues its tradition of being a financial services leader. Governor Matt Meyer reaffirmed Delaware’s commitment to the financial services industry, saying, “Our administration is focused on attracting the jobs of the future to the First State, and that includes continuing to foster an innovative banking ecosystem that will open doors not just for workers and companies, but for every single person who participates in our economy.”

Below is an overview of both bills:

- SB16 – An act to Amend Title 5 of the Delaware Code relating to Delaware Banks and Trust
  - Adds formal definitions of "Digital Asset" and "Virtual Currency" to Delaware's banking code; explicitly authorizes Delaware-chartered banks and trust companies to hold and administer digital assets in a fiduciary capacity
  - Streamlines interstate trust company mergers and conversions, making it easier for out-of-state entities to relocate to Delaware
  - Expands the State Bank Commissioner's authority to hire outside consultants
  - Updates dated administrative language around board governance and officer addresses
  
- SB19 – An act to Amend Title 5 of the Delaware Code relating to Stablecoins
  - Creates a new regulatory chapter (Chapter 40, Title 5) establishing Delaware as a state-level regulator of payment stablecoins, aligned with the federal GENIUS Act and following closely the Conference of State Bank Supervisors proposed model
  - Establishes three license categories: Payment Stablecoin Issuer, Digital Asset Service Provider, and Combination License
  - Caps state-qualified issuers at \$10 billion in outstanding issuance — those who exceed it must seek federal qualification or reduce issuance
  - Includes reciprocal recognition for entities already licensed under substantially similar frameworks in other states
  - Creates a streamlined conversion pathway for federally qualified issuers wanting to come under Delaware state oversight

As mentioned previously, legislation is also being contemplated on fees the Office of the State Bank Commissioner charges, regulation of money transmitters, charter transfers from out of state, and fintech options for Delaware oversight.

Privacy. Rep Krista Griffith is preparing to file another data privacy bill in the coming weeks. Initial feedback from members on the draft bill suggests the language for financial institutions effectively keeps intact the Gramm-Leach-Bliley exemption. We will update members on this topic as the bill takes shape.

Active Legislation. Several draft bills released this session remain in active discussion:

*Computer Technology including Chatbots/AI:* HB306 was filed in March, still including the Private Right of Action (PRA) with which some take issue. Several of the bill's sponsors have raised concerns with the PRA, and the Attorney General's office is currently working on an amendment. It remains to be seen if the amendment will address the serious concerns raised by its opponents, including the DBA.

*Earned Wage Access:* SB137 Senator Mantzavinos' proposed legislation on this topic – introduced last year – would be one of the first in the fintech space for Delaware. The Senator is working on a substitute bill to address comments from the State Bank Commissioner.

*Virtual Currency Kiosks:* The working group of stakeholders led by Mike Lawson, CFCI BSAO, Vice President Security & Loss Prevention at Artisans Bank and Chairman of the Delaware Association for Bank Security (DABS), and including the DBA, the Delaware Attorney General's Office, AARP of Delaware, the OSBC, and the Delaware Fraud Working Group, continues to work draft legislation to combat the consumer protection challenge of virtual currency kiosks (VCKs) – which some like to call “bitcoin ATMs” but which are anything but ATMs in reality. Delaware State Representative Cyndie Romer is leading the charge in the General Assembly to advance legislation once the working group has determined an approach.

DIDMCA. As we reported last month, the 10<sup>th</sup> Circuit Court recently overruled a lower court preliminary injunction regarding Colorado's opt-out<sup>1</sup> 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. On April 2<sup>nd</sup>, the 10<sup>th</sup> Circuit granted the plaintiffs' petition for a rehearing en banc, of that ruling, meaning that all 12 judges in the Tenth Circuit will review the case. As a result, the Tenth Circuit vacated and stayed the three-judge panel's decision reversing the preliminary injunction. We understand that the grant of such a rehearing is a rarity, and we believe it may bode well for the outcome the industry seeks.

Meanwhile, Congress's attempt to address this concern from the federal level continues. We encourage all members to reach out with support for Congressman Warren Davidson (OH-08) and Senator Bernie Moreno (R-Ohio)'s *American Lending Fairness Act of 2026*, which codifies and restores the ability of state-chartered, FDIC-insured banks and credit unions to export their home-state interest rates nationwide, unless that state has explicitly opted-out. This bill would explicitly restrict states' ability to impose their own usury caps on out-of-state lenders.

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<sup>1</sup> As we noted previously, 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.

## **FEDERAL ISSUES**

The Federal Administration and bank regulators continue to discuss, propose, and direct significant changes to the framework of financial industry standards and oversight.

### **Structural Changes**

Regulatory Capital Reform. The federal banking agencies have released [three proposals](#) to modernize the regulatory capital framework for banks of all sizes, stating that the proposals are intended to “streamline capital requirements and better align regulatory capital with risk while maintaining the safety and soundness of the banking system.” Comments are due by June 18, 2026.

More informally, Treasury Secretary Scott Bessent [said](#) his agency is focused on liquidity coverage ratio reform, while Federal Reserve Vice Chair for Supervision Mikki Bowman [said](#) the Fed will be focused on “changes to the capital framework eliminate overlapping requirements, right-size calibrations to match actual risk, and comprehensively address long-standing gaps in our prudential framework.”

Note too that the OCC issued a final rule [simplifying licensing requirements](#) for corporate activities and transactions involving community banks.

Federal Banking Charters. The Office of the Comptroller of the Currency (OCC) continues to issue new conditional charters at a record pace, certainly compared to the last decade or more. It also adopted as proposed the changes to its chartering rules, replacing the term “fiduciary activities” with “operations of trust companies and activities related thereto”. Among the suggested changes it rejected was a call to specify what nonfiduciary activities a national trust bank may engage in, saying that was beyond the scope of its rulemaking. More broadly, you can review [here](#) OCC Comptroller Gould’s recent testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs regarding the OCC’s priorities and activities.

The Financial Stability Oversight Council (FSOC) issued for [public comment](#) proposed interpretative guidance on nonbank financial company designations.

The FDIC has suggested it will seek to end restrictions preventing nonbanks from purchasing failed banks. In [prepared remarks](#), Chairman Hill said the proposed changes are meant to promote “a pro-growth agenda that supports a dynamic banking system, while still upholding our core safety and soundness mission.”

Separately, the ABA, with the input of its members, is compiling a policy paper to highlight changes to chartering rules that would encourage more *de novo* bank formation. Please reach out to us if you’re interested to learn more.

And while it’s not directly a new charter, the Federal Reserve’s “pilot” permission to Kraken to have access to a limited purpose or “skinny” master account is notable and concerning to the regulated industry and some legislators as well. U.S. Representative Maxine Waters [requested additional information](#) on this pilot, and we noted previously the ABA’s recommendations regarding [“skinny” master accounts](#).

Deposit Insurance. Congress has introduced [four bills](#) proposing to revise the deposit insurance framework, with a focus on noninterest-bearing transaction accounts. Three of the bills comprised a [package](#) put forth by several Republican members of the House Financial Services Committee, and one – the Main Street Depositor Protection Act – was a reintroduction (with modifications) of legislation introduced last year in the Senate by Sens. Angela Alsobrooks (D-Md.), Bill Hagerty (R-Tenn.) and others, and introduced in the House as a companion bill by Rep. Frank Lucas (R-Okla.).

## **Digital Challenges**

The Administration has announced several national initiatives to combat cybercrime and illicit financing through digital assets:

1. An Executive Order and National Cyber Crime Strategy
2. A new Bureau of Emerging Threats within the State Department to address cybersecurity and Artificial Intelligence (AI) risks
3. The Treasury Department’s publication of three reports on efforts to combat financial crimes, along with a report to Congress on technologies that financial institutions use to counter illicit finance involving digital assets

Stablecoin remains top of mind for the regulators at the federal and state level. (*See above* under State Issues for our SB19 proposal regarding stablecoin in Delaware.) The OCC issued its proposed regulations on stablecoin issuance, about which Commissioner Gould said, “It is just a proposal. I think we have done a good job as a first step in providing something that is intellectually defensible and consistent with what the statute says on a range of issues. So, again, the message I want to tell you is please weigh in because we need your substantive feedback.” Comments are due May 1, 2026, and Gould indicated at our Washington Visit that he is not inclined to cede to the ABA’s request for an extension.

At the ABA’s Washington Summit, the FDIC noted it will seek to clarify that payment stablecoins are not eligible for FDIC pass-through insurance. The regulated financial industry continues to fight for a strict prohibition on direct and indirect payment of interest or rewards on stablecoins – see our grassroots campaign link here.

With respect to digital assets generally, two important developments are worth noting:

1. The Securities and Exchange Commission and the Commodity Futures Trading Commission have agreed to coordinate on intersecting matters such as cryptocurrencies, and much more.
2. The federal banking agencies released FAQs on the capital treatment of tokenized securities.

Alongside its cybersecurity focus, the Administration issued several policy perspectives on AI:

1. A National Policy Framework on AI
2. A Treasury Department AI Innovation Series – a new private-public initiative to support financial sector adoption of AI by reviewing federal regulations
3. Additional AI resources offered by the Financial Services Sector Coordinating Council to help the financial services sector safely deploy artificial intelligence

## **Fraud Challenges**

Legislation on fraudulent credit repair scams is proceeding at the federal level, with Delaware’s Senator Coons proposing a companion bill to one introduced in the other chamber last year by Delaware’s Representative McBride.

Legislation we reported on last month regarding scam ads and spoofing that proliferates through the social media and telecommunication wires is advancing in Congress as The Safeguarding Consumers from Advertising Misconduct, or SCAM, Act, and here too we offer a grassroots action opportunity via this link. The ABA has proposed a national strategy to combat this kind of fraud. And the tech industry seems finally to have woken up to this targeting of their lack of action; the largest players recently issued a “voluntary accord” of principles to fight online scams and fraud.

## **Housing Opportunities**

The Administration issued a pair of Executive Orders (which you can find [here](#) and [here](#)) directing federal regulators to roll back or tailor regulations to expand access to mortgages and spur new housing construction. The ABA is compiling statements of support from bank leadership for the mortgage credit Executive Order on how it will directly help their communities. Quotes will be attributed to the appropriate banks' staff and should be cleared for mass distribution. If you are interested in submitting a statement or want to learn more, contact ABA's [Rod Alba](#). You can also read a breakdown of the executive orders in a new ABA [staff analysis](#).

Meanwhile a group of Congressional representatives have proposed a bill to remove regulatory barriers to Federal Home Loan Bank (FHLB) member institutions when seeking to fund community development projects. The Municipal Investment and Neighborhood Transformation ([MINT](#)) Act would include non-housing community development projects as eligible for letters of credit from FHLBank member institutions, and there is a view that if the FHLB could get permanent capability in this respect, there would be an opportunity to build it out further and facilitate even more community development.

In other housing news, the Federal Housing Finance Agency [announced](#) that Fannie Mae and Freddie Mac are rolling back certain property insurance requirements for condominiums and single-family homes in response to “skyrocketing” insurance prices. Meanwhile the OCC issued a rule to [eliminate the Fair Housing Home Loan Data System](#), which was created in 1979 to monitor national bank compliance with the Fair Housing Act and the Equal Credit Opportunity Act.

## **Other Miscellany**

The federal Department of Education (DoE) reached an agreement allowing the Treasury Department to take over the “operational responsibility for collecting on defaulted Federal student loan debt and provide.” The ultimate goal of the agreement is to get the whole \$1.7 trillion [student loan portfolio](#) out of the DoE.

On the Consumer Financial Protection Bureau (CFPB) side, a federal judge has [ruled](#) that the Trump administration must continue funding the CFPB. Perhaps in light of this ruling, the CFPB Acting Director Russell Vought has requested \$75.8 million from the Federal Reserve to fund the Bureau through the end of June. The CFPB also recently issued a [strategic plan](#) for FY2026-2030, and House Financial Services Committee Chairman French Hill (R-Ark.) said the Administration intends to put forth a series of reforms later this year to address banker issues with the CFPB, including related to Rules 1071 and 1033. Note that the Federal Trade Commission is stepping into the debanking debate, issuing a [warning](#) to payment networks on this front.

In other funding news, Sens. Steve Daines (R-Mont.) and Mark Warner (D-Va.) proposed a package of four bills, collectively called the The Access to Fair Financing for Opportunity and Resilient Development, or [AFFORD](#), Act (S. 3940), aimed at strengthening the CDFI ecosystem.

Lastly, the Internal Revenue Service has issued [regulations](#) to implement Trump Accounts, which are slated to go live this July 4<sup>th</sup>.