



**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
Date: May 7, 2026
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 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](#). HB 315 remains the most pressing legislative issue on the state side of our business. As a reminder, this bill 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. Colorado, however, is on the verge of being the first state to pass this type of legislation via the legislative process. The litigation fighting the Illinois law remains active.

The month of April saw the tide turn in our favor on HB315, as many legislators came to realize they had been misled into signing on to the bill. While there is still strong support for the bill among a handful of legislators, many are now voicing their desire not to see the bill come to the House floor for a vote. We continue to apply pressure, as we have no assurance that the bill won't reach the House floor. We expect to actively work this issue through the close of session on June 30.

Helping our case somewhat is the Office of the Comptroller of the Currency (OCC)'s [interim final rule](#) and [interim final order](#) related to preemption of the Illinois Interchange Fee Prohibition Act

(IFPA), which kicked off the efforts across the country to eliminate interchange on taxes and/or tips. The OCC's interim final order confirms that federal law preempts the IFPA, expressly providing that national banks and federal thrifts are neither subject to nor required to comply with this state law. Of course, this does not address state-chartered banks.

DIDMCA. The challenge to Colorado's attempt to opt out¹ from The Depository Institutions and Deregulation and Monetary Control Act of 1980 (DIDMCA) continues. As we noted last month, the 10th Circuit granted the plaintiffs' petition for a rehearing en banc, thereby vacating and staying its prior grant of a preliminary injunction in favor of Colorado's interpretation of its opt-out.

Meanwhile, Congress is attempting – not unlike the OCC in the Illinois matter noted above – to address this concern from the federal level with Congressman Warren Davidson (OH-08) and Senator Bernie Moreno (R-Ohio)'s *American Lending Fairness Act of 2026*. This bill 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 and would explicitly restrict states' ability to impose their own usury caps on out-of-state lenders. At the behest of the DBA and our member Bread Financial, Representative Sarah McBride has agreed to co-sponsor the bill, and she was also able to successfully recruit another Democrat – Rep. Horsford – to join in the effort, thus officially making the bill bipartisan.²

Modernization of Delaware Banking. As we previously reported, Senator Mantzavinos, in conjunction with the Governor's office, the Delaware Bankers, and the University of Delaware worked closely together on the modernization of Title V of the Delaware Banking Code.

Title V and Stablecoins. Below as a reminder is an overview of SB16 on Title V, and SB19 on stablecoins, which have now passed the Senate unanimously and are expected to be heard in the House Banking Committee the week of May 4. We expect this package of bills will be on the House floor for a vote as early as May 23.

- 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

¹ 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. DIDMCA was 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.

² Admittedly I waiver each month between treating this topic as State or Federal. Its connection to the interchange issue we've presented here drove the decision to land it on the State side.

- 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

Money Transmitters. Relatedly, SB18, The Money Transmission Act, would allow the State Bank Commissioner to coordinate with other states in the licensing and supervision of money transmitters, utilizing the Nationwide Multistate Licensing System (NMLS). The Act establishes new safety and soundness standards, including a tiered net worth requirement based on total assets, and updates surety bond requirements scaled to a licensee’s average daily money transmission liability. SB18 passed unanimously in the Senate.

Family Trusts. In addition to SB16 and SB19, a Family Trust bill is also expected to be filed in early May. The bill contemplates and permits Delaware-based banks and trust companies to provide services and office space to family trust companies, and we expect that to happen to the extent that families may not want to lease their own space and/or fully staff their family trust companies themselves. More than twenty states permit the formation of family trust companies now with specialized statutes, (including TN, FL, SD, WY, NV, OH). This bill should be beneficial to Delaware and keep the state competitive.

Innovation. There certainly is competition for Delaware and other states in seeking to be a hub for financial services innovation and encourage new and innovative types of bank and trust charters. Last month we reported on the volume of conditional charter applications the OCC approved. This month Oregon – which hasn’t chartered a new state bank in nearly two decades – took a different tack, signing [House Bill 4052](#) into law. The law allows qualifying de novo banks to receive up to \$1 million annually in state tax credits for three consecutive years, helping offset the significant startup costs associated with organizing a new bank. Oregon is the second state to adopt such an incentive, after Ohio.

In Delaware, Rep. Bush introduced HB211, which creates a tax credit that accelerators may apply for to incentivize the creation of industry and innovative businesses in Delaware. The program would be administered by the Division of Revenue, and some say it would create a predictable, repeatable, and sustainable source of revenue to support innovation in Delaware. While it’s not directly focused on financial institutions, it may provide additional support for the overall “open for business” culture in the state and defense against developments like the latest one tagged with the “DEXit” label: Dell Technologies’ unanimous [board decision](#) to change its state of incorporation from Delaware to Texas.

Privacy. Rep. Krista Griffith’s HB380 privacy bill passed out of the Technology and Telecommunications Committee and currently awaits a House floor vote. The bill keeps intact the Gramm-Leach-Bliley exemption and introduces contracting and due diligence requirements when

businesses sell or disclose personal data to third parties. We will update members on this topic as the bill takes shape.

Short Term Lending and Trade Practices. Rep. Hilovsky is working on a draft bill that would cap interest rates on short term loans of less than \$5,000 with durations of two years or less. While the bill targets so-called “Pay Day Lenders,” members have expressed concerns this type of legislation would lead to further rate cap legislation and therefore are opposed. The bill is currently circulating looking for additional sponsors.

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

Computer Technology including Chatbots/Artificial Intelligence (AI): HB306 was filed in March, still including the Private Right of Action (PRA) which was an issue. In an attempt to address these concerns, the Delaware Department of Justice drafted an amendment, but it effectively left in the PRA. Many parties including the DBA continue to push for a safe harbor.

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.

U.S. states have increasingly moved to regulate—or in some cases ban—VCKs in response to rising fraud and consumer protection concerns. Nationally, legislation on crypto kiosks has accelerated since 2024–2026, with around 20–25 states adopting laws or restrictions and many others considering bills. Key trends in the state legislation include:

- Outright bans: A small but growing number of states have prohibited crypto ATMs entirely. Indiana became the first to enact a statewide ban in 2026, followed by Tennessee, reflecting the most aggressive approach.
- Transaction and fee limits: Many states (e.g., Iowa, Maryland, California) cap daily transaction amounts and fees to reduce losses from scams.
- Consumer protection requirements: Laws commonly require fraud warnings, receipts, and clear disclosures about fees and irreversibility of transactions.
- Licensing and compliance rules: Some states (like Wyoming and Nebraska) regulate operators under money-transmitter or financial service laws.
- Moratoriums and local bans: Certain states and cities have paused new machines or banned them locally while evaluating risks (e.g., Vermont moratorium, city-level bans)

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.

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.

Regulatory

Community Bank Leverage Ratio (CBLR). Late in April, the banking agencies [finalized](#) a rule to make significant changes to the community bank leverage ratio, including lowering the requirement from 9% to 8% and expanding the time banks can remain in the CBLR framework without meeting the qualifying criteria, from two quarters to four quarters.

CFPB Rule 1071. At long last, the (embattled) Consumer Financial Protection Bureau (CFPB) issued a [final rule](#) revising the 2023 Section 1071 small business lending data collection and reporting requirements, amending coverage of certain credit transactions and financial institutions; the small business definition; inclusion of certain data points and how others are collected; and the compliance date, which is extended to January 1, 2028, and offering additional flexibility where needed. The CFPB stated that it “believes these changes will streamline the rule, reduce complexity for lenders, improve data quality, and advance the purposes of section 1071.”

Reputational Risk. The OCC and FDIC issued a [final rule](#) to codify the elimination of reputation risk from their supervisory programs. Among other things, the final rule prohibits the agencies from criticizing or taking adverse action against an institution on the basis of reputation risk. The final rule also prohibits the agencies from requiring, instructing, or encouraging an institution to close an account, to refrain from providing an account, product, or service, or to modify or terminate any product or service on the basis of a person’s or entity’s political, social, cultural, or religious views or beliefs, constitutionally protected speech, or solely on the basis of politically disfavored but lawful business activities perceived to present reputation risk.

Anti-Fraud. In positive anti-fraud news, the FCC voted unanimously to [advance proposed rules](#) to strengthen KYC requirements for call-originating voice providers. The FCC also plans to consider removing providers that enable scam calls.

The FCC also filed a [notice](#) that it intends to levy fines against Voxbeam Telecommunications, Inc. for spoofing. In its Notice, the FCC alleges that “[m]any of the calls transmitted from [another provider] through Voxbeam appear to spoof fraud prevention or customer services phone numbers belonging to U.S. financial institutions including Bank of America, Chase Bank, and others. Our rules related to the [Robocall Mitigation Database] are intended to promote transparency by ensuring that every provider in the database certifies they are taking measures to safeguard their networks from fraudulent traffic. The penalty we propose today is part of the Commission’s ongoing effort to hold providers accountable for failing to protect their networks from illegal robocallers.”

Bank Secrecy Act (BSA)/Anti-Money Laundering (AML). The OCC, FDIC, and the National Credit Union Association (NCUA) filed a [joint notice of proposed rulemaking](#) seeking to amend the compliance program requirements that each agency has issued for its supervised banks. The revised regulatory requirements would be referred to as “anti-money laundering and countering the financing of terrorism (AML/CFT) programs”, align with changes that are being concurrently proposed by the FinCEN as a result of the Anti-Money Laundering Act of 2020 (AML Act).

Fiduciary Duties in Retirement Accounts. In late March, the U.S. Department of Labor’s Employee Benefits Security Administration issued a [proposed regulation](#) with respect to retirement investment options for the more than 90 million Americans who hold 401(k) plans.

The proposed regulation establishes a set of process-based safe harbors for plan fiduciaries to use when selecting designated investment alternatives including alternative assets. The proposal follows President Trump’s Executive Order, “[Democratizing Access to Alternative Assets for 401\(k\) Investors.](#)” Comments are due on or before June 1, 2026.

Regulatory/Legislative

Stablecoins. Virtual currencies, especially stablecoin and the GENIUS Act, remain 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 breaking news as we were finalizing this report was that Sens. Thom Tillis (R-N.C.) and Angela Alsobrooks (D-Md.) have released proposed language for the CLARITY Act (the counterpart to the GENIUS Act) to restrict interest and yield payments tied to stablecoins, which would allow legislation to create a regulatory framework for cryptocurrencies to move forward. The legislation includes a broad prohibition on rewards offered “in a manner that is economically or functionally equivalent to the payment of interest or yield on an interest-bearing bank deposit,” according to Punchbowl News. In response, the ABA and four other banking trade groups [issued a joint statement](#) suggesting that the proposed language falls short of what is needed to prevent material deposit flight. [Banking Dive](#) published a fairly straightforward description of the continuing controversy.

In more mundane developments on this front, following on the OCC’s [proposed regulations](#), the [FDIC](#) and [Treasury](#) have now issued guidance on stablecoin issuance and operations.

The FDIC states that its rule “establish[es] a prudential framework for FDIC-supervised permitted payment stablecoins issuers, including requirements related to reserve assets, redemption, capital, and risk management standards. The proposed rule would also establish requirements for FDIC-supervised permitted payment stablecoin issuers and insured depository institutions (IDIs) that provide certain payment stablecoin related custodial and safekeeping services. In addition, the proposed rule would address the applicability of pass-through insurance to deposits held as reserves backing payment stablecoins and would clarify that tokenized deposits that satisfy the statutory definition of “deposit” would be treated no differently under the Federal Deposit Insurance Act than any other types of deposits.”

Treasury states that its rule “implements the GENIUS Act’s anti-money laundering and sanctions compliance program requirements, encourages innovation in payment stablecoins while providing an appropriately tailored regime to mitigate potential illicit finance risks.”

A recent independent [report](#) and local Delaware [article](#) both highlight the potential impacts of stablecoins on community banks. On the other side of the argument is the [Administration](#), which claims the opposite effects.

The SEC, for its part, issued [interpretive guidance](#) clarifying how federal securities laws apply to certain crypto assets and related transactions.

AI. American Bankers Association members can access a [new report](#) on how the industry is addressing AI today. The report reflects results of insights from more than 250 bankers across institutions of all sizes and in-depth interviews with leaders in innovation, risk/compliance, and operations.

Legislative

Data Privacy. In late April, House Republicans introduced two bills—the [Secure Data Act](#) and the [Guard Financial Data Act](#)—that would establish national data privacy standards, including legislation to modernize the Gramm-Leach-Bliley Act. The intent of the bills, working in tandem, is to create a national privacy standard for banks to follow rather than the current state and federal patchwork.

Farm Bill. In late April, the U.S. House of Representatives passed the [2026 Farm Bill, 224-200](#), which advances critical reforms to expand credit access, strengthen risk management, and modernize key lending program. According to Rep. Bresnahan, who first introduced the bill in 2025, “The *Local Farmers Feeding our Communities Act* will allow states, through USDA, to establish cooperative agreements connecting local farmers and producers with local food distribution organizations. Through these agreements, funds will be used to purchase local, fresh, and minimally processed foods like seafood, meat, milk, cheese, eggs, fruit, and poultry. The bill also sets aside a portion of these funds to purchase food specifically from small, mid-size, beginning, and veteran farmers.”
