



**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 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. 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?*

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. Before then, the Governor intends to call an Extraordinary Session to address a \$400M shortfall in the State's budget (referenced further below).

2025 Annual Government Affairs Retreat

Our Director of Government Affairs, David Mench, attended the annual government affairs retreat, hosted by the Delaware State Chamber of Commerce, on October 16th and 17th at the Bellmoor Inn & Spa in Rehoboth Beach. The event brings together a broad group of policy advocates from healthcare, education, housing, banking and small business. As always, the conversation was thoughtful and informative and laid some groundwork for the upcoming legislative session. Guest

speakers included the Democrat and Republican leadership from both the House and the Senate, the Attorney General, and a member of the Governor's staff.

The retreat kicked off with a very informative presentation on "Trends Shaping Delaware's Future" by Ted Aberthany of Economic Leadership LLC. A quick overview showed Delaware's population growing at a faster clip than most of the United States, with much of the population growth coming from the 65+ demographic. The implications are that Delaware has the lowest rate of labor participation among our neighboring states, and healthcare is seeing the fastest job growth. Some key demographics shaping Delaware future include:

- Delaware population of 65+ year olds grew 106% in the last 20 years. 25-64 year olds only grew 14.5%.
- Delaware has seen a drastic increase in housing prices since 2020, ~55%, with limited affordable housing stock.
- Healthcare employment is expected to grow 12% from 2024-2034, and employment in banking and insurance is expected to grow 9.5% during the same period. Note that one of our key strategic priorities is to support workforce readiness, which includes helping to build the pipeline for the industry. *Reach out if you'd like to discuss the ways in which we approach this work and how you can get involved.*
- Delaware ranked #37 in best places to start a business and #43 for business friendliness, according WalletHub.
- Delaware saw only a 1% increase in tech industry jobs over the last 5 years, compared to a 9.4% increase for the United States overall.

One of the most interesting and maybe controversial themes that came out of the conversation was 'Delaware no longer controls its brand'. It was posited that the decline in mass media consumption and the rise of more 'decentralized communications' on digital and social platforms have inhibited Delaware's attempts to directly define our brand. SB21 (General Corporate Law) as an example was legislation meant to reinforce that Delaware is open for business. While national media picked up on the story of our corporate law update, decentralized platforms persisted with negative comments and perceptions that Delaware was no longer open to business. This challenge may again become visible in the coming weeks as the Delaware Supreme Court [decides the fate of SB21](#).

Day 1 also included conversations with the Democratic and Republican House and Senate leadership. These conversations were similar in many regards, as they focused on reflections from the 2025 legislative session. Topics included new EV regulations, energy prices and infrastructure, health care costs, and the property tax reassessment. The hottest topic, however, was the projected budget shortfall of \$400M, which is clearly a concern for both parties and a challenging task ahead for the State to either cut costs or increase revenues (e.g. taxes). The state currently has a budget stabilization fund of \$450M and a "Rainy Day" fund of \$350M; it's likely at least the stabilization fund will need to be tapped in the short run to address the budgetary gap.

Finally, Nick Merlino from the Governor's Office discussed the top priorities for the administration in 2026 leaning on three pillars: education, jobs, and affordability – in particular, tackling public school funding, strengthening the workforce, and making childcare and housing more affordable. In addition to these priorities, the administration is investigating approaches to reduce barriers to entry for businesses.

As the Government Affairs retreat wound down, it was clear that the budget deficit, housing, healthcare, and energy costs are going to be a top priority in 2026. The question to be answered is how to generate revenue while still maintaining or lowering costs for Delawareans.

Challenges and risks

OSBC Commissioner. Following the abrupt retirement of Commissioner Robert A. Glen in late June from the Office of the State Bank Commissioner, the State has designated one of his deputies, Lisa Collison, as Acting State Banking Commissioner. We have continued to share with the Governor, the Secretary of State, and the Acting Commissioner herself the DBA's and our members' perspectives regarding the future of banking and role of the OSBC in that future, including the need for modernization of the Office and an updated compensation structure that would draw in and retain more skilled talent and help to fill out the staffing needs of the office.

Competition for Delaware benchmark status. As noted above, we expect to receive shortly the opinion of the Delaware Supreme Court on the SB21 issue. Elon Musk's appeal outcome should also be announced soon. Earlier this month Tesla shareholders (with more than 75% voting "yes") approved a pay package that could make Musk, already the world's richest person, the world's first trillionaire.

Crypto ATMs. Did you know that Delaware has the greatest number of cryptocurrency ATMs in operation? The U.S. Department of the Treasury's Financial Crimes Enforcement Network ([FinCEN](#)) and the AARP have issued [scam alerts](#) regarding these "convertible virtual currency (CVC) kiosks," given that reported fraud losses have skyrocketed – by some accounts increasing 99% just from 2023 to 2024 – and they are [prime vehicles for scams](#) that often target older adults.

As of August this year, [13 states and three cities](#) had introduced legislation to combat this type of fraud and impose stronger guardrails for CVC operators. Thanks to leadership from member Artisans Bank, we are now part of a working group including the Delaware Attorney General's Office, AARP of Delaware, the OSBC, the Delaware Fraud Working Group (DFWG), and the Delaware Association for Bank Security (DABS) to craft legislation we'll propose to the General Assembly during the 2026 session. *Please let us know if you'd like to join the discussion.*

Events

David and I met with the Governor and Rep. McBride (separately) in early October. It will be no surprise to our members that our conversations revolved around proactively championing the importance of our industry to the state, supporting affordable housing and small business efforts, and bringing ideas for advancing the state's leading position in business and financial services through new innovations.

2. Federal Legislative Issues

2026 Washington Visit

We are finalizing dates and agenda for our 2026 Washington Visit (which will shift this time from March to late January most likely). We have asked ABA representatives to join us at our December Board meeting so that we can discuss and strategize at length about the agenda and questions for regulators. This year we are working on providing a break-out session for our trust company members to get a wealth management-focused ABA briefing and meet with representatives from the Department of Labor.

We encourage you to reach out to us and provide input on prior years' Washington Visit and on your priorities for this year.

Opportunities

BSA/AML. A new Senate bill introduced by Senate Banking Committee Chairman Tim Scott (R-S.C.) and several other senators, styled as the *Streamline Act*, would make long-awaited adjustments to several Bank Secrecy Act reporting thresholds, raising the Currency Transaction Reporting (CTR) reporting threshold from \$10,000 to \$30,000, and raising certain Suspicious Activity Reporting (SAR) thresholds from \$2,000 to \$3,000 and from \$5,000 to \$10,000. It's long past time these thresholds were adjusted—especially the CTR threshold, which has not been touched since the 1970s. We will shortly be confirming support to sign on to an ABA letter advocating for this change. We understand Senator Scott would like to see markup on this legislation as early as this month.

Challenges and risks

Government Shutdown. As of this writing, the government shutdown – the longest in history – continues. The ABA has a [resource page](#) (for members) with information on impact and suggested language for client communications. Two important consequences of the shutdown have implications for our industry:

- The Administration has fired (or caused to be fired) significant numbers of employees from the bank supervision staff at the Federal Reserve, the FDIC, the OCC, and Fannie Mae, and essentially all the staff from the CDFI Fund.
- The government shutdown stopped the USDA from administering farm subsidies, raising the specter of growing farm foreclosures, and delayed a [bailout](#) President Trump had promised for farmers impacted by tariffs. As of October 22, however, the [U.S. Department of Agriculture reopened 2,100 Farm Service Agency offices](#) to allow farmers to access about \$3B in existing USDA programs. (In more positive, Delaware-focused, agriculture news, in September Delaware State University dedicated its new Agilent Hub for Agriculture, Innovation, and Extension to expand its capacity for agriculture research and innovation.)

Stablecoin. The industry continues to advocate for a responsible, safe, and level playing-field regulatory structure for stablecoin and related digital assets. We seem to be making progress in raising awareness and support for fixing the loophole on the prohibition against paying interest or rewards on stablecoin holdings – see, for example, the [joint ABA/Alliance letter](#) to the U.S. Treasury and [comments](#) from the Federal Reserve's Christopher Waller, and Sens. John Kennedy (R-La.) and Mike Rounds (R-S.D.).

In separate digital currency activity, the SEC recently granted [no-action relief](#) permitting registered investment advisers and registered investment companies to use state trust companies to custody crypto assets and related cash and/or cash equivalents, provided certain conditions are met.

Debanking. The dialogue and developments on this issue have continued following the President's Executive Order (EO) titled "[Guaranteeing Fair Banking for All Americans](#)" (which the industry would summarize as the "debanking" EO). In late October, Sen. Thom Tillis (R-N.C.) released a [draft](#) of proposed legislation to address "debanking" by banks and bank regulators by creating a national standard for account access and establishing new watchdog mechanisms for banking agencies.

Interchange Fees. The industry continues to push back against efforts to implement caps on fees and interest in several areas. The Senate recently introduced the *Protecting Consumers from*

Unreasonable Credit Rates Act (S. 2781), a bill that would impose a national "fee and interest rate" cap of 36%. We supported the ABA and seven other bank trade groups in their [letter to Congress](#) opposing this bill and the concept, noting that it would have a devastating effect on access to credit for individuals and small-business owners. In case you missed it, back in May the State Bank Alliance sent a [letter](#) to Majority Leader Thune and Minority Leader Schumer opposing a 10% credit card interest rate cap, which includes some useful data supporting the reduction in availability of credit that can result from such limitations.

3. Federal Regulatory/Executive Administration Issues

Opportunities

TCPA. At long last, there may be an opportunity to modernize the Federal Communications Commission (FCC)'s rules related to the Telephone Consumer Protection Act (TCPA), which hasn't been updated in more than a decade. In late October the FCC released a notice of proposed rulemaking (NPRM), which, among other things, seeks comment on several proposed changes to the TCPA. The ABA has [urged](#) the FCC to use this opportunity to implement better rules to combat illegal call spoofing. As we know all too well, the prevalence of fraudulent calls that impersonate businesses poses a serious risk to consumers and erodes trust in communications from our institutions.

Challenges and risks

Credit Reporting. Just last month, Delaware's new law prohibiting medical debt from being included on consumer credit reports took effect. Several other states have enacted similar laws. Also in October, however, the Consumer Financial Protection Bureau (CFPB) [issued an interpretive rule](#) stating that the Fair Credit Reporting Act (FCRA) preempts state laws on credit reporting. During the last federal Administration, the CFPB itself issued a medical debt rule similar to Delaware's, which was challenged in court and ultimately struck down earlier this year, resulting in the Bureau rescinding the rule.

Where does that leave us? Uncertain. And this amid a private-sector conflict challenging the almost-universal benchmark for judging credit-worthiness: the FICO¹ score. While FICO [seeks to charge more](#) for its services, the main credit reporting agencies seek to bypass FICO via their alternative score called VantageScore, and the Federal Housing Finance Agency (FHFA)'s head, Bill Pulte, has weighed in by suggesting that VantageScore could be used instead of FICO for FHFA mortgages.

Bank Supervision. October regulatory activity was squarely focused on notable supervisory changes from our federal regulators.

Seeking to reduce the regulatory burden on community banks, the OCC:

- Announced it is removing fixed examination requirements for community banks and instead tailoring the examination scope and frequency to be consistent with risk-based supervision.
- Announced that it will only use the core assessment standards in the Community Bank Supervision booklet of the Comptroller's Handbook to examine for retail nondeposit investment products.

¹ Bonus for anyone who knows what "FICO" stands for. Email me at Karyn.Polak@DEBankers.com with your answer and you'll win free DBA swag!

- Clarified its expectations that community banks should tailor model risk management practices commensurate with the bank's risk exposures, its business activities, and the complexity and extent of its model use.
- Requested comments on proposed rules to broaden eligibility for expedited or reduced licensing procedures to community banks.

For national banks, the OCC:

- Proposed rescinding its Fair Housing Home Loan Data System regulation, removing largely duplicative data collection requirements.
- Proposed to [rescind](#) the updated recovery standards for large banks.

The related [news release, guidance and proposed rulemakings](#) are posted to the OCC website.

The OCC and the FDIC jointly issued:

- A [joint notice of proposed rulemaking](#) that among other things would define the term “unsafe or unsound practice” for purposes of section 8 of the Federal Deposit Insurance Act and revise the supervisory framework for the issuance of matters requiring attention (MRAs) and other supervisory communications.
- A [joint notice of proposed rulemaking](#) that would codify the elimination of reputation risk from their supervisory programs.

Also, Comptroller of the Currency Jonathan V. Gould issued a statement at the FDIC's recent board meeting about his [seven areas of focus](#) in his capacity as an FDIC board member, and Mikki Bowman, Vice Chair for Supervision of the Board of Governors of the Federal Reserve System, [offered her perspective](#) on community banking supervision at the Fed's Community Bank Conference in early October.
