



May 29, 2026

Katherine S. Tyrrell  
First Deputy Comptroller of the Currency  
Office of the Comptroller of the Currency (OCC)  
U.S. Department of the Treasury  
400 7<sup>th</sup> Street, SW, Suite 3E-218  
Washington, D.C. 20219

*Submitted via Regulations.gov*

**RE: Docket ID OCC-2026-0430, National Bank Non-Interest Charges and Fees  
Docket ID OCC-2026-0431, Order Preempting the Illinois Interchange Fee Prohibition Act**

Dear Ms. Tyrrell:

FMI – The Food Industry Association welcomes this opportunity to comment on the Office of the Comptroller of the Currency’s (OCC) interim final rule on National Bank Non-Interest Charges and Fees, Docket ID OCC-2026-0430 (“IFR” or “rule”) and interim final order (“order”) Preempting the Illinois Interchange Fee Prohibition Act, Docket ID OCC-2026-0431. FMI strongly opposes the issuance of the IFR and order for several reasons. FMI believes both the IFR and order are anticompetitive, undermine President Trump’s endorsement of swipe fee reform and affordability agenda to lower costs for consumers and businesses, and were issued through a deeply flawed and legally deficient process that we believe will not withstand judicial scrutiny. We urge the OCC to rescind the IFR and order and reaffirm its previously held commitment to marketplace competition in the charging of bank fees.

As the food industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier, and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain – from retailers that sell to consumers, to producers that supply food and other products, as well as a variety of companies providing critical services – to amplify the work of the industry.

FMI’s membership manufactures, distributes, and sells food and consumer goods that are found in pantries, refrigerators, medicine cabinets, and laundry rooms across the country. Our retail members, which range in size from independent operators to regional and large national and international businesses and brands, operate 45,000 grocery stores and 12,000 supermarket pharmacies. The food industry produces and supplies over 30,000 different food and consumer good products found on store shelves, employs over 6.3 million individuals, and ultimately touches the lives of more than 100 million U.S. households per week.



Food retailing is a diverse industry that presents a unique set of challenges, considering the numerous daily functions a single store provides to its customers and communities. Grocery stores are the hub for everyday food and consumer goods, operating pharmacies that dispense life-depending medications, vaccines, and flu shots, and serving the community of Americans who rely on critical food assistance programs like the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). These functions involve millions of financial transactions every day.

The grocery industry is among the most competitive in our economy. Grocers negotiate prices on every product they sell and every service they use with vendors and operate on razor-thin profit margins – about 1.7 percent on average.<sup>1</sup> Intense competition for consumer business and market share helps keep prices down for shoppers. Conversely, the credit card market today is among the least competitive sectors in our economy. Just two companies, Visa and Mastercard, centrally set the interchange fee rates and transaction terms for all the banks in each card network, and consumers and merchants, including grocers in every community in the country, are on the losing end of this unregulated fee fixing.

If the IFR and order take effect on June 30, they would signal OCC's endorsement of this anticompetitive credit card swipe fee system, which imposes excessive costs on food retailers and inflates the prices consumers pay for groceries – a system that President Trump described as an "out of control Swipe Fee ripoff."<sup>2</sup> They would also memorialize the OCC's undermining of the primary role that market competition plays in the OCC's authorization for charging of bank fees – a development that would likely be cited by Visa, Mastercard, and the banking industry as grounds to expand the use of centrally-fixed fees across the banking sector. Such a fundamental shift by the OCC away from promoting market competition and toward endorsing centralized fee-fixing of interchange and other bank fees would be lucrative for national banks, but it would harm American businesses and consumers.

### **The swipe fee system is anticompetitive and harms food retailers and their customers.**

In today's anti-competitive duopoly, Visa and Mastercard control over 80 percent of the credit and debit card network markets in the U.S.,<sup>3</sup> and they enjoy profit margins of around 50 percent.<sup>4</sup> These

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<sup>1</sup> [FMI: Grocery Store Chains Net Profits](#).

<sup>2</sup> President Trump Truth Social post, Jan. 13, 2026, *available at* <https://truthsocial.com/@realDonaldTrump/posts/115886085338434959>.

<sup>3</sup> See Board of Governors of the Federal Reserve System, "[Profitability of Credit Card Operations of Depository Institutions](#)," June 2024, at p. 5 ("The general-purpose bank credit card market in the U.S. is dominated by cards issued on the Visa and Mastercard networks, which, combined, accounted for 726.6 million cards, or about 85 percent of general-purpose credit cards, in 2023."); see also [Complaint, United States of America v. Visa, Inc.](#), 1:24-cv-07214, (S.D.N.Y.) Sept. 24, 2024, at 7 ("Today, over 60% of all U.S. debit transactions run via Visa's payments network. Mastercard is a distant second, processing less than 25% of all U.S. debit transactions.")

<sup>4</sup> Emma Withrow, "[Fact Check Team: Credit card giants' profit margins exceed 50% amidst American debt crisis](#)," The National News Desk, Dec. 20, 2024.

dominant card network companies have established a system of fees and rules that limit market competition between the thousands of banks that issue their branded cards.

Although banks compete with one another to win cardholder business within the Visa and Mastercard network systems, they do not compete with each other on the fee rates they receive from merchants on card transactions, nor do they compete with respect to the terms and conditions governing acceptance of their cards by merchants. Instead, Visa and Mastercard centrally set the fee rates for the interchange fees that card-issuing banks deduct from card transaction amounts and the transaction terms and conditions via so-called network rules. Because of this centralized fee-fixing, all banks in each network enjoy the same guaranteed interchange fee rates as every other bank in the network no matter how efficiently or inefficiently a particular bank runs its card operations and no matter how much or how little fraud is associated with the bank's cards. Because of Visa and Mastercard's respective network rules, merchants are also required to accept all branded cards from all bank issuers in the network, no matter how high the fees or how much fraud occurs.

This system of centralized fees and rules that Visa and Mastercard have set up with their card-issuing banks shields interchange fee rates from normal market competition and results in excessively high fees that far exceed the reasonable costs of conducting transactions. Every time a credit card is used for a purchase, a merchant is charged swipe fees by the credit card networks and the card-issuing banks. These fees (including fees imposed on any sales tax or gratuity portion of the transaction) can total up to 4% of the transaction amount, which means that merchants often only receive 96 cents of each dollar paid by card. Because the fees are largely percentage-based, the fees grow with inflation and in turn accelerate that inflation. This also means that often Visa, Mastercard, and the nation's largest banks make more of a profit from grocery purchases than the store does.

It is not necessary for the fees to be this high. In the European Union, credit card interchange fee rates are capped at 0.3% per transaction – a small fraction of the average Visa and Mastercard U.S. credit card rates – and the credit card systems in Europe operate efficiently and profitably.<sup>5</sup> However, Visa and Mastercard's unregulated fee-fixing in the United States allows them to get away with imposing fees that are much higher than those in the European Union and much higher than what a competitive market would bear (and because Visa and Mastercard charge their own network fee on each card transaction, they profit by setting interchange fee rates at high levels that incentivize issuers to issue more cards). Visa and Mastercard's high fees place pressure on grocery merchants, who operate on narrow single-digit margins, to incorporate these fees into retail prices to cover the costs.

As our economy has increasingly moved away from cash transactions and toward electronic retail payments – particularly during the pandemic – grocery stores have seen increased customer use of credit and debit cards. According to FMI's most recent Food Retailing Industry Speaks survey, 80% of grocery store purchases in 2024 were made with a credit or debit card – a 13% increase in use of these payment cards over the last decade.<sup>6</sup> Of this amount, 38% of all grocery purchases were made with a

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<sup>5</sup> See Fumiko Hayashi *et al.*, "[Public Authority Involvement in Payment Card Markets: Various Countries – August 2025 Update](#)," Federal Reserve Bank of Kansas City (discussing interchange fee reforms in various countries, including how the European Union has capped interchange rates since 2015 at 0.3% for credit cards).

<sup>6</sup> FMI, [The Food Retailing Industry Speaks 2025](#)

credit card, and 76% of all online grocery purchases were made with a credit card. Online purchases, including those made for curbside or in-store pickup and third-party or on-demand delivery, are categorized as “card not present” which yields an even higher interchange fee charged to grocery merchants and ultimately their customers.

While we recognize that there are benefits to electronic payment transactions, the anticompetitive fee structures in the Visa and Mastercard systems mean U.S. merchants pay fees that far exceed what is reasonably necessary to operate card transactions and that also exceed the rates charged in other countries around the world. Credit and debit card swipe fees charged to U.S. merchants in 2025 totaled \$198.25 billion according to the *Nilson Report*<sup>7</sup> – an increase of 80% since the pandemic and 5.9% from the previous year. Of this amount, Visa and Mastercard-branded credit card swipe fees in 2025 totaled \$118.83 billion, which is an increase of 365% since 2009 (\$25.6 billion). These fees amount to an average cost of nearly \$1,200 per American household, according to the Merchants Payments Coalition.<sup>8</sup> And it’s not just the total amount of fees that has increased over the years; the average Visa and Mastercard credit card interchange fee rates have increased too, rising from 2.02% in 2010 to 2.26% in 2023 and 2.36% last year.<sup>9</sup> U.S. merchants, and ultimately their customers, now pay the highest swipe fees in the industrialized world.<sup>10</sup>

Grocers are committed to serving all customers, regardless of how they pay. However, the billions of dollars in excessive credit card swipe fees artificially drive up the price consumers pay for goods and services. Retailers are forced to incorporate these fees into their pricing decisions and sell items at the “credit card” price to cover costs. The impact disproportionately hurts lower income Americans, those who rely on cash, SNAP and WIC, and those without access to high rewards credit cards. As a recent Harvard Business School working paper reported, “interchange fees generate approximately \$30 billion in annual transfers from cash and debit card users to credit card users,” and “this represents a \$9.2 billion annual transfer from low- and middle-income households earning less than \$150,000 in annual income to higher-income households.”<sup>11</sup>

### **Reform of the Visa and Mastercard swipe fee system is urgently needed.**

Grocers have tried numerous approaches but have no ability to negotiate with Visa and Mastercard on contract terms or the cost of accepting cards as a form of payment from our customers. Swipe fees that grocers must pay to accept credit and debit cards are typically grocers’ highest operating cost after labor and rent. The situation is not sustainable, and there is an urgent need for swipe fee relief.

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<sup>7</sup> *Nilson Report 1303*, March 2026

<sup>8</sup> Merchants Payments Coalition: “[Credit and Debit Card ‘Swipe’ Fees Reach Record \\$198.25 Billion as President and Congress Call for Action](#),” March 18, 2026.

<sup>9</sup> Mass Market Retailers, “[Merchants sound alarm as swipe fees hit \\$198B](#),” March 18, 2026.

<sup>10</sup> See Clearly Payments, “[Statistics on How Much Merchants Pay for Payment Processing in 2024](#).”

<sup>11</sup> Mark Egan, *et al.*, “[Who Pays for Payments?](#)” Harvard Business School Working Paper 26-069, at p. 2.

In countries around the world, Visa and Mastercard’s anticompetitive fee systems have been reined in by pro-competitive reforms or rate regulation.<sup>12</sup> In the United States, there has been reform of some aspects of the debit card interchange fee system through the Durbin Amendment to the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>13</sup> But credit card interchange fees are entirely unregulated in the United States, and as discussed above, Visa and Mastercard have structured their interchange fee systems to prevent market competition from driving down fee rates. Across the nation, merchants and consumers have urged lawmakers at the federal and state level to provide relief from the crushing burden of these interchange fees.

In the absence of federal reform to address Visa and Mastercard’s anticompetitive interchange fee systems, states have pursued sensible reforms such as prohibiting card networks from establishing interchange fee rates that apply to sales tax and gratuity portions of transactions. Sales taxes are collected and remitted by merchants on behalf of state and local governments and gratuities are collected by merchants on behalf of employees, so merchants do not retain the money they collect. They pass 100% of the tax and tip money to the government or employees. When interchange fees are imposed on the tax on tip portion of transactions, it means that merchants must pay for the fees out of the merchant’s revenue for the rest of the transaction (which is also assessed interchange fees). It is neither fair nor sustainable to penalize merchants in this way for performing required tax collection on behalf of state and local governments or for collecting tips for employees – but it is lucrative for the credit card industry. In 2024 alone, interchange fees on sales taxes alone resulted in nearly \$11 billion in fees for issuing banks.<sup>14</sup>

The Illinois Interchange Fee Prohibition Act (IFPA), enacted in 2024, was crafted to provide merchants with the ability to seek relief from network-established interchange fees imposed on sales taxes and tips. The IFPA provides two processes through which this relief can be obtained: either the tax and tip amount can be deducted from the transaction amount at the time of settlement before the interchange fee rate is applied, or the merchant can supply this information after the transaction and receive a rebate proportionate to the amount of interchange charged on the tax or tip. These approaches are based upon familiar processes within the payment system. Card network ecosystems have long itemized and transmitted sales tax amounts as Level II data for millions of card transactions, establishing a roadmap for how transaction portions can be transmitted and deducted at the time of settlement. For example, a FMI retail member informs us that it has already been preparing to separate tax from the base transaction amount for consumer card purchases – just as it already does for certain commercial card transactions – before the Illinois law takes effect on July 1. The IFPA’s rebate process is also modeled after the chargeback process in which money is transferred from merchant accounts to issuer accounts post-settlement when information about alleged fraud is presented to the issuer. The IFPA thus was designed to be compatible with existing network processes that could be adapted to meet the law’s requirements within the law’s implementation period.

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<sup>12</sup> See Hayashi, “[Public Authority Involvement in Payment Card Markets: Various Countries – August 2025 Update](#) *supra* note 5.

<sup>13</sup> 15 U.S.C. § 1693o-2.

<sup>14</sup> CMSPI, “How Much Interchange was Paid on Sales Tax in the U.S.?”, available at <https://cmspi.com/how-much-interchange-was-paid-on-sales-tax-in-the-us/>.

Compliance with the IFPA is neither novel nor unduly burdensome, and merchants and other stakeholders have already begun taking concrete steps toward implementation. For example, FMI is aware of at least one debit network that has begun providing acquirers with technical guidance to facilitate compliance with the IFPA.

The IFPA represents sensible, workable reform that will modestly decrease the \$198 billion in annual interchange revenue that banks receive. Illinois swipe fees on sales taxes are estimated at around \$508 million per year, and prohibiting swipe fees on sales taxes and gratuities will keep those dollars in local communities and stimulate economic activity, as opposed to sending those dollars primarily to giant card-issuing banks in other states.<sup>15</sup> The nation's largest banks that issue most credit cards and that account for most card transaction volume are well-situated to sustain a modest decrease in interchange revenue; those large money center banks enjoy profit margins of nearly 30% and many large national banks recently reported robust profits.<sup>16</sup>

Yet the credit card networks and banking industry have expressed outrage at any legislative reform that would diminish their revenue from centrally fixed interchange fees. The credit card industry has also refused to lift a finger to prepare for implementing the IFPA, advocating instead for the law's delay, repeal, and invalidation. This financial industry opposition led to a federal lawsuit that sought to enjoin the IFPA on federal preemption grounds. The OCC filed an amicus brief in support of the financial industry's position, and after the financial industry and OCC's positions were rejected in federal court, the OCC issued its IFR and order.

**The OCC's interim final rule was issued through a deeply flawed process, would diminish market competition in setting national bank fees, and would bless anticompetitive fee-fixing arrangements.**

In its haste to defend the interchange fee system after a contrary district court ruling, the OCC has run roughshod over the normal notice-and-comment rulemaking process and has taken arbitrary and capricious actions that lack an adequate factual or legal basis and that exceeded the OCC's authority. The OCC issued its IFR and order at the 11<sup>th</sup> hour, mere weeks before the already-delayed effective date of the IFPA, and without providing an opportunity for any affected party to comment upon or even read the documents before declaring an effective date of the IFR and order one day before the IFPA's effective date. We do not expect the OCC's actions to withstand scrutiny in court, and we also

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<sup>15</sup> *Id.*

<sup>16</sup> See "Margins by Sector (US)," data as of Jan. 2026, showing money center banks with a net margin of 28.89%, available at [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/margin.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html); see also Merchants Payments Coalition, "'Profiteering' Big Banks See Windfall From Credit Card 'Swipe' Fees as Fuel Prices Rise," April 16, 2026, available at <https://merchantspaymentscoalition.com/profiteering-big-banks-see-windfall-credit-card-swipe-fees-fuel-prices-rise> ("JPMorgan Chase, the nation's largest issuer of Visa and Mastercard credit cards, reported Tuesday that net profits for the first quarter were up 13% year over year and totaled \$16.5 billion on revenue of \$49.8 billion. Meanwhile, No. 2 card issuer Citigroup said net profits were up an astonishing 42% year over year at \$5.8 billion on \$24.6 billion in revenue while Wells Fargo, also a large card issuer, reported that net profits were up 7% at \$5.3 billion on \$21.4 billion in revenue.").

believe that state governments, merchants, and consumers, each of whom would be profoundly impacted by the OCC's actions, deserve better than the inadequate and dismissive process the OCC has afforded them.

With its issuance of the IFR and order, the OCC is bending over backwards to defend the lucrative but structurally anticompetitive interchange fee arrangement that banks have set up with the Visa-Mastercard card network duopoly. In an effort to confer OCC's blessing upon interchange fees that are centrally fixed by Visa and Mastercard on national banks' collective behalf and that raise serious antitrust concerns, the IFR would undermine longstanding requirements that national bank fees must be set by individual banks in a competitive market environment in order to enjoy preemption protection under the National Bank Act. This shift by the OCC away from market competition and toward centralized fee-setting is a massive giveaway to the nation's biggest banks and to Visa and Mastercard, which are already among the most profitable companies in the nation. The OCC's actions will lead to higher fees and costs for American merchants and consumers – in contravention of the priority that the Trump administration has placed on cost reduction.

OCC's IFR seeks to revise a regulation, 12 C.F.R. § 7.4002, that for decades has made clear that national bank non-interest fees and charges must be set by each bank in a competitive market environment. The current regulation provides that "[a]ll charges and fees should be arrived at by each bank on a competitive basis and not on the basis of any agreement, arrangement, undertaking, understanding, or discussion with other banks," and that "[t]he establishment of non-interest charges and fees, their amounts, and the method of calculating them are business decisions to be made by each bank, in its discretion, according to sound banking judgment and safe and sound banking principles."<sup>17</sup> As a federal court has now pointed out, "[t]he thrust of 12 C.F.R. 7.4002 is not to protect fees centrally established by a third-party company."<sup>18</sup>

Yet protecting anti-competitive fees set by third parties is exactly what OCC's IFR tries to do by revising the regulation to allow banks to "collect" or "receive" fees, including interchange fees, "set by or in consultation with third parties."<sup>19</sup> While the OCC's revised rule may be motivated by IFPA's regulation of third-party established interchange fees, there is no constraint in the revised rule to stop national banks from using third party companies to centrally set other types of fees, such as annual fees, late fees, or ATM fees. If the IFR takes effect and the OCC prevails with its view that states are preempted from reining in fees fixed by third party non-banks on national banks' behalf, centralized fee-fixing will likely become the new norm across all types of national bank fees. And this fundamental shift – that goes well beyond the interchange fees regulated by IFPA – is being pushed by OCC using a rushed and fundamentally flawed process.

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<sup>17</sup> 12 C.F.R. §7.4002(b)(1)-(2).

<sup>18</sup> *Ill. Bankers Ass'n v. Raoul*, ---F. Supp. 3d---, 2026 WL 371196, at \*9, \*13 (N.D. Ill. Feb. 10, 2026).

<sup>19</sup> 91 Fed. Reg. 22991. Note that even though the OCC's revised 7.4002 seeks to confer OCC's blessing on fees centrally fixed by third parties on banks' behalf, the revised regulation still preserves the existing requirements that fees should be arrived at by each bank on a competitive basis and not on the basis of any agreement, arrangement, undertaking, understanding, or discussion with other banks, and also that fee amounts and methods of calculating them are decisions to be made by each bank.

This IFR would be bad for consumers, merchants, and small financial institutions alike. Consumers would not only bear the ultimate cost of excessive centrally fixed interchange fees but would also see market competition diminish among other types of national bank fees charged to consumers. Merchants would see the anticompetitive swipe fee system entrenched with the OCC's blessing. And smaller financial institutions, which are not governed by the National Bank Act would see their national bank competitors use fee-fixing intermediaries to avoid normal marketplace competition with each other over fee rates with the OCC's blessing. Given how harmful this rule would be to non-national bank stakeholders, it is perhaps unsurprising that the OCC considered it "impracticable" to provide those stakeholders with notice and an opportunity to comment on this interim final rule before announcing it would take effect.<sup>20</sup>

Market competition may be inconvenient and less lucrative for banks than collusive fee-fixing arrangements, but market competition benefits consumers and the economy as a whole. Grocery retailers are used to intensely competitive market environments; that is the world we live in every day. The OCC used to stand for market competition as well with respect to the charging of fees by national banks. But with this IFR, the OCC seeks to undermine the longstanding requirement that national banks engage in market competition when charging bank fees. That would be a mistake.

**The OCC's flawed order seeks to exempt OCC-regulated banks from reasonable state-level interchange fee reforms that have been upheld in court.**

The OCC's order represents a similarly flawed attempt to confer protection upon interchange fee fixing by national banks and the credit card network duopoly. The order declares Illinois' Interchange Fee Prohibition Act preempted with respect to national banks and federal savings associations, despite the fact that a district court ruled to the contrary and the appeal of this case was pending with briefs already filed, and notwithstanding the reality that the Illinois law's provisions apply to more entities than just the ones the OCC regulates.<sup>21</sup> The OCC's order bypassed required procedural processes, ignored relevant factual information about the Illinois law and ways that compliance can be achieved with it, misapplied the relevant legal standard in contravention of the district court's ruling, and doubled down on the IFR's misguided support for third-party fee-fixing of national bank fees while failing to acknowledge the IFR's retained requirement that bank fees must be competitively set by each bank. Again, we do not believe the OCC's order will withstand scrutiny in court, and it should be rescinded.

**Conclusion**

At a time when the nation's largest banks and credit card networks are pulling in record profits on the backs of grocers, main street businesses, and millions of American consumers through credit card swipe fees, FMI believes it is incredibly shortsighted that the OCC chose to pursue an opaque end-run around state lawmakers and the courts in an effort to endorse the same swipe fee system that

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<sup>20</sup> 91 Fed. Reg. 22992.

<sup>21</sup> For example, the OCC order does not preempt the IFPA from applying with respect to card network companies, which are covered by the law. Those card network companies, which have at no point to date been enjoined from complying with the IFPA, have had ample time to comply with the law's requirements.

President Trump has correctly called a ripoff. FMI is deeply troubled both by the OCC's willingness to avoid required procedural steps and by its eagerness to diminish marketplace competition among national banks when it comes to interchange fees as well as other banking fees. The grocery industry thrives on vigorous marketplace competition. National banks should not be exempted from competition.

The OCC appears more concerned with protecting a lucrative national bank revenue stream than with responsibly addressing anticompetitive interchange fees that inflate the prices consumers pay for groceries. The flaws with the OCC's IFR and order make clear that the OCC should not have the final word on something as important as consumers' ability to obtain, and our industry's ability to supply, food at reasonable prices. Illinois has taken a responsible and workable reform approach that provides much-needed relief to merchants and consumers while modestly diminishing interchange fee revenue. That reform has been upheld in court and should be allowed to take effect. Accordingly, FMI urges the OCC to rescind its IFR and order.

Sincerely,

A handwritten signature in cursive script that reads "Christine Pollack".

Christine Pollack  
Vice President, Government Relations