4th Quarter

2026 Advocacy in Action

Clarity Act Defeated on Senate Floor. On September 15, the Clarity Act (H.R. 3633) failed by a critical procedural vote by 49 yes to 51 no. (60 votes were required to proceed.) All Democrats and four Republicans voted not to begin debate on the Act, dealing highly funded crypto-proponents a major set-back in their efforts to authorize payment of interest on stablecoin balances at the expense of community bank deposits. The failed vote is the culmination of ICBA's year-long, intensive lobbying, grassroots, and media campaign to highlight the adverse impact of stablecoins interest or yield and ensure the bill was not enacted without a robust prohibition on such payments. The strong engagement of community bankers nationwide was critical to this effort. ICBA has not relented in its efforts as the bill could still be reconsidered before year-end.

- ICBA's grassroots campaign generated 14,500 letters and 4,000 in just the last month.
- ICBA's quantitative analysis showed that yield-bearing stablecoins could reduce community bank lending by $850 billion.

Master Account Access and OCC Trust Charter. Crypto firms continue to seek national trust charters and Federal Reserve master account access, despite concerns that the Fed and OCC have exceeded their statutory authorities and that these pathways into the banking system pose threats to financial stability. ICBA objected to the OCC's final trust chartering rule in February and has repeatedly objected to national trust charter applications from crypto firms seeking to engage substantially in non-fiduciary activities. ICBA continues to oppose the limited master account access granted to Kraken, a crypto exchange. Our letter to the Kansas City Federal Reserve details concerns about Kraken's key role in providing bitcoin to crypto kiosk operators facing serious state allegations of fraud.

House Advances Community Bank Regulatory Relief Bills. In addition to the community bank regulatory relief provisions of the 21st Century ROAD to Housing Act (see "Real Results" below), the House passed the Main Street Capital Access Act (H.R. 6955) in July by a bipartisan vote of 270 to 155, including 56 Democratic votes. Provisions include lowering the range for the Community Bank Leverage Ratio to between 6 and 8 percent and making it available to banks with up to $15 billion in assets, independent review of adverse exam findings, and tailoring of rules based on risk profile and business model. ICBA is pressing for consideration of the provisions of H.R. 6955 in the Senate.

Farm Bill Advances. The House passed *The Farm, Food, and National Security Act of 2026* (H.R. 7567) in April. The new five-year bill will allow community banks to work with their farm, ranch, and rural customers to engage in sound business planning. The Senate Agriculture Committee passed its version in September but floor action in not expected until the post-election "lame duck" session. ICBA supports enhancements to USDA's guaranteed loan programs including higher loan limits and prompt loan approvals. However, the Farm Credit System's (FCS) expansion into non-farm financing activities needs guardrails.

GENIUS Act Rulemaking. In addition to the Clarity Act, the crypto industry is pressing for flexibility on stablecoin payment of interest and yield in the GENIUS Act rulemaking. ICBA has submitted multiple comment letters in response to the rulemaking. These letters stress the adverse impact to credit creation of a regulatory framework that fails to address deposit flight. As the agencies rush to complete rulemaking ahead of the January 18, 2027 effective date of the GENIUS Act, ICBA will continue to advocate for a regulatory framework that implements a strict prohibition on issuers paying yield and recognizes the potential for stablecoin growth to harm community bank deposits and lending capacity.

Real Results For Your Bank

Stablecoin Interest and Yield Payment Authority Defeated. As described above, the failed Clarity Act vote is a major setback to the crypto industry's efforts to enshrine authority to pay interest and yield on stablecoin balances. ICBA is continuing its campaign to highlight the harm such payments would cause community bank deposits and the vital community loans they support.

Community Bank Regulatory Relief Becomes Law. The 21st Century ROAD to Housing Act, which became law on July 10, includes provisions to allow community banks to hold custodial deposits and more reciprocal deposits without them being considered brokered deposits; an 18-month exam cycle for banks with up to $6 billion in assets; and to promote the formation of de novo community banks.

Final 1071 Rule Includes Strong Community Bank Exemptions. The CFPB's final rule exempts institutions that originate fewer than 1,000 covered small business loans per year; defines small businesses as those with gross annual revenues of $1 million or less; and exempts agricultural loans. These provisions align with ICBA's advocacy.

ICBA continues to press for legislation to repeal or modify Section 1071 of Dodd-Frank.
Favorable ACRE Implementation. Following the enactment of a version of ACRE as part of the One Big Beautiful Bill, ICBA met with senior Treasury officials to ensure the implementing rules qualified that greatest number of agricultural loans, consistent with the statute. Treasury has issued largely favorable interim guidance, consistent with our advocacy. ICBA is pressing for additional flexibility in the forthcoming proposed rule.

More Advocacy in Action →

Regulation O Thresholds Update. In August, the Federal Reserve and the FDIC issued proposed rules to update Regulation O, which limits loans to bank executives, directors, and principle shareholders. The proposals would raise the thresholds for loans to executives not otherwise specifically authorized by statute from $100,000 to $400,000 and loans to insiders not subject to prior board approval from $500,000 to $2 million. ICBA has urged the agencies to modernize these outdated thresholds. Comments are due October 5.

Agency CRA Proposal Creates Community Bank Relief. Due in large part to ICBA's lawsuit challenging the 2023 CRA rule, the FDIC and OCC jointly proposed a new CRA rule in July 2026. The proposal would change the thresholds of evaluation categories. The "small bank" threshold would be raised from $412 million to $1 billion, the "intermediate bank" threshold would cover community banks from $1 billion through $10 billion, and "large banks" would be those institutions over $10 billion in assets. If finalized as proposed, more than 1,200 community banks would receive regulatory relief through the revised category thresholds. The Federal Reserve did not join in the proposal but has indicated it will promulgate its own rule. Banks should still operate under the existing 1995 framework.

FDIC Proposes Lower Assessments for Community Banks. In June, the FDIC proposed a 2-basis point reduction in assessments for banks subject to the small bank scorecard. The threshold for defining a small bank would be raised from $10 billion to $30 billion. ICBA has long advocated for reduced assessments for community banks when the Deposit Insurance Fund reaches 1.35 percent. The DIF currently stands at 1.43 percent.

Section 1071 Legislation. ICBA supports the "1071 Repeal to Protect Small Business Lending Act," (H.R. 976/S. 557)) sponsored by Rep. Roger Williams and Sen. John Kennedy. Short of full statutory repeal, the law would be significantly improved by House Financial Services Chairman French Hill's "Small LENDER Act" (H.R. 941), and Senator Katie Britt's PROTECTED Act (S. 2352), which would reform 1071 so that fewer community banks must comply. (See also Final 1017 Rule under "Real Results" below.)

Artificial Intelligence Executive Order Recognizes Community Banks. The recent Executive Order on Promoting Advanced Artificial Intelligence Innovation and Security explicitly recognizes community banks as a critical infrastructure component, along with rural hospitals and local utilities. The E.O. follows ICBA meetings with the Administration related to AI cybersecurity and community bank impact. The E.O is expected to result in equitable access for community banks to federal AI security resources and coordination.

- ICBA led development of a Joint AI Action Plan to urge immediate Federal action to prepare for a new era of AI-enabled cybersecurity risk.
- AI Task Force to provide practical guidance for community bankers and recently released the Community Banker AI Security Readiness Guide to assess the AI threat shift, what it means for local institutions, and how to strengthen third-party due diligence, update and test incident response plans, among other topics.

ICBA Campaign Against Credit Unions. ICBA launched "The Illusionists," a new media campaign to reveal the ugly truth about credit unions. The campaign features a website, creditunionsrevealed.com, highlighting the industry's deceptions, exponential growth, abuse of the tax code, and consumer harm.

- New data analysis demonstrates that credit union-community bank acquisitions harm small businesses and local communities and that community banks outperform credit unions in high-poverty areas.
- ICBA sent a letter to Treasury Secretary Bessent urging him to require federal credit unions to file IRS Form 990.

Deposit Insurance. ICBA's Deposit Insurance Working Group created a set of principles for reform. These include promoting depositor confidence in community banks; curbing TBTF; controlling the cost of insurance for community banks; increased coverage for community banks; and expanding the FDIC's ability to protect community banks and their customers during crisis.

ICBA Fraud and Scams. ICBA created a task force, composed of more than 60 community banks and state bankers' associations, to explore solutions to prevent, detect, and mitigate fraud and scams. The task force is just one component of ICBA's broader strategy to work with stakeholders in Congress, the agencies, law enforcement, and industry to reduce the burden of fraud and scams, including check fraud.

- ICBA has published: "Check Fraud: A Practical Guide to Altered, Forged, and Counterfeit Checks for Community Bankers" as well as several other guides.
- An ICBA witness, Gay Dempsey of Bank of Lincoln County, TN, testified before the House Financial Services Committee in March on the impact of fraud and scams on her bank and her customers.
- ICBA published a blog post summarizing its progress to date in the fight against check fraud.

CDFI Work Group. ICBA relaunched its CDFI Work Group to identify key issues and develop strategies to address CDFI-related priorities. A top priority is urging Treasury to distribute the 2025 awarded funds before the statutory deadline of September 30, 2026.

Dodd-Frank Section 1033 Rule. In August 2025, the CFPB issued a proposed rule seeking recommendations for changes to the 1033 rule. While the final rule exempts community banks with assets of less than $850 million, as advocated by ICBA, it requires non-exempt banks to create and maintain an API-enabled "developer portal" which non-bank fintechs and other third parties could use to access customer data, creating a threat to consumer data security and privacy. Moreover, banks are not permitted to charge reasonable fees to third parties to offset the significant costs of compliance with this rule. ICBA sent a comment letter to the Bureau.

- ICBA released an Open Banking Guidebook as a resource for community bank compliance with the new rule.