3rd Quarter

2026 Advocacy in Action

ICBA

ICBA Launches Digital Assets Campaign. ICBA developed a new ad campaign to educate policymakers about the risk to American communities posed by payment of interest, yield, or rewards by crypto. The campaign highlights the essential services community banks provide in local economies in contrast to the threat posed by crypto conglomerates.

Digital Assets Regulatory Frameworks. The Senate Banking Committee passed the CLARITY Act (H.R. 3633) on May 14. As the bill advances to the Senate floor, ICBA is advocating for amendments that would create a more effective prohibition on the payment of yield or yield equivalents to stablecoin holders by affiliates, exchanges and other digital assets intermediaries. Only a robust prohibition will protect against the migration of deposits that fund local lending.

- ICBA continues to promote a grassroots campaign.
- ICBA released a new quantitative analysis showing that yield-bearing stablecoins could reduce community bank lending by $850 billion.
- ICBA has submitted multiple comment letters in response to GENIUS Act rulemaking. These letters stress the adverse impact to credit creation of a regulatory framework that fails to address deposit flight.

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" to right), the House Financial Services Committee passed the Main Street Capital Access Act (H.R. 6955) in March. 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 House floor consideration of H.R. 6955.

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.

Executive Order on Immigration Status Avoids Bank Citizenship Verification. In May, President Trump issued an Executive Order on protecting the financial system. Notably, the E.O. does not require banks to verify the citizenship of their customers. The E.O. directs the agencies to strengthen customer due diligence, manage credit risk of loans to unauthorized immigrants, among other provisions. In meetings and correspondence, ICBA urged the White House and Treasury not to require citizenship verification, as had been reported.

Farm Bill. 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 is currently drafting its version. 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 must be restricted

Executive Order to Create Mortgage Rule Relief. President Trump issued an E.O. directing the agencies to propose mortgage regulatory relief for banks of less than $100 billion in assets. This could include ability-to-repay, QM, and HMDA, among other burdensome rules.

Real Results For Your Bank

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. It defines small businesses as those with gross annual revenues of $1 million or less. It 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.

CBLR and Audit and Reporting Thresholds. The FDIC finalized a rule to lower the Community Bank Leverage Ratio from 9 percent to 8 percent. The agency also finalized a rule updating audit and reporting thresholds under the Federal Deposit Insurance Corporation Improvement Act (FDICIA) so that they apply to fewer community banks. Both of these changes were long advocated by ICBA.

More Advocacy in Action →

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 Launches New 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.

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 For Your Bank" on page 1)

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.

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. In November, Treasury issued largely favorable interim guidance, consistent with our advocacy.

Master Account Access and OCC Trust Charter. In June, ICBA renewed its opposition to Kraken's access to a master account. 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.

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.

Capital Treatment of Mortgage Lending. ICBA supports the mortgage-related revisions of the proposed capital rule which would better accommodate community banks. While supporting the 25 percent cap on mortgage servicing assets (MSAs), our comment letter urges lowering the risk weight of MSAs to 100 percent for institutions under $100 billion. Additionally, ICBA supports recognition of PMI and generally supports adjusting risk weights based on LTV for portfolio loans on the condition that banks may opt out. ICBA also urges lowering the risk weight of mortgages sold through the FHLBs' Mortgage Partnership Finance program to no more than 100 percent.

Industrial Loan Companies. ICBA filed letters opposing the deposit insurance applications of Ford, GM, Stellantis, Nissan, PayPal, and Affirm. Senators John Kennedy (R-LA) and Andy Kim (D-NJ) have reintroduced the ICBA-supported "Close the Shadow Banking Loophole Act" (S. 3734) which would permanently close the ILC loophole and prevent commercial firms from blurring the line between banking and commerce.

- ICBA released a comprehensive white paper demonstrating the dangers of creating any new ILCs.