WOODSTOCK INSTITUTE

Advancing Economic Justice and Racial Equity

March 10, 2026

Governor J.B. Pritzker
Office of the Governor
401 S. Spring Street
Springfield, IL 62704

President Don Harmon
323 Capitol Building
Springfield, IL 62706

Speaker Emanuel "Chris" Welch
300 Capitol Building
Springfield, IL 62706

Dear Governor Pritzker, President Harmon, and Speaker Welch:

As the primary consumer financial protection advocate in the State of Illinois, Woodstock Institute is concerned that the details and ramifications associated with the implementation of the Illinois Interchange Fee Prohibition Act (IFPA) have not been sufficiently discussed, studied, socialized, and negotiated to mitigate potentially negative downstream effects on consumers and small businesses and to maximize the benefits to those groups. As such, we urge more time for the parties involved to dedicate their resources and expertise to ensure that the IFPA does not unintentionally exacerbate the existing affordability crisis, create an additional burden on small businesses, or further degrade the ability of small, community financial institutions (banks and credit unions alike) to sustainably provide financial products and services in the communities and to the populations they are chartered to serve.

We are all aware of the fact that when financial institutions experience a reduction in revenue, they seek to compensate by reducing services, increasing fees elsewhere, or a combination of both. Historically, the consumers and businesses that experience reduced services and who pay increased fees are those who can least afford them. In short, our IFPA concerns are:

- Community credit unions and banks do not currently have the technological capacity to separate tax and tips. Therefore, the current implementation timeline would likely result in their departure from payment processing, thus leading to an inequity in the market since those institutions typically support the most unique and smallest businesses. Relatedly, for smaller financial institutions, the penalties for non-compliance are too high to justify staying in the business of payment processing.
- The primary way financial institutions fund credit card fraud prevention and remediation is through a combination of interchange/swipe fees and the fee they charge to small businesses for accepting credit cards. If interchange fees are reduced, the institutions that continue processing card payments would compensate by increasing the fee they charge to businesses

for accepting credit cards. That increased fee would either cut into the margin of small businesses or be passed on as an additional cost to their customers.

- There is insufficient information to determine whether and to what degree small businesses and consumers would ultimately benefit from the IFPA. Lower fees would be welcome, but it is unknown whether the increased cost of creating, implementing and maintaining new technology to separate tax and tips on interchange transactions will be less than the reduction in interchange fees charged to small businesses and, ultimately, consumers.

These are not intractable problems, but they require time to resolve. For these reasons, we would like to suggest that the Administration, elected leaders, and industry representatives take more time to analyze these potential unintended consequences. This will require more time than the current implementation deadline allows.

We would be happy to meet with you or your staff to discuss these concerns. Please do not hesitate to reach out to CEO Horacio Mendez (hmendez@woodstockinst.org) or Senior Regulatory Policy Associate Jane Doyle (jdoyle@woodstockinst.org) with any questions.

Sincerely,

Horacio F. Mendez

President & CEO

CC:

Rep. Margaret Croke, Chair of the Illinois House Financial Institutions & Licensing Committee

Sen. Mark Walker, Chair of the Illinois Senate Financial Institutions Committee