STATE OF ALABAMA
STATE BANKING DEPARTMENT

Kay Ivey
Governor

Mike Hill
Superintendent of Banks

MEMORANDUM

TO: Chief Executive Officers of All State-Chartered Banks

FROM: Mike Hill, Superintendent of Banks

SUBJECT: Debanking – Alabama State Banking Department Position, Expectations, and Guidance

DATE: August 12, 2026

Debanking – Alabama State Banking Department Position

As Superintendent of Banks, I was gratified to see Governor Ivey's Executive Order No. 743 titled "Promoting Fair and Lawful Access to Financial Services". As stated in that Executive Order, the Governor 's position aligns closely with the long-held position of The Alabama State Banking Department ("the Department").

In fact, Title 5 of The Code of Alabama ("the Banking Code") under which we operate contains numerous references to and considerations of providing for the "Convenience and Needs" of all lawfully operating individual and business customers of our State-chartered banks. The Banking Code as currently written, while placing strong emphasis on bank safety and soundness, also grants the Department ample authority to provide for new activities and technologies for banks to better serve the convenience and needs of their customers.

In alignment with the Governor's Executive Order and the directives under that Executive Order, and our statutory mandates, the Department's position remains that we do not support decisions about who banks should or should not do business with being made on any basis other than sound business reasoning.

Department Expectations

While we have not observed it being practiced by or applied to our banks, we understand the term “Debanking” to mean, the practice of financial institutions engaging in “unacceptable practices to restrict law-abiding individuals’ and businesses’ access to financial services on the basis of political or religious beliefs or lawful business activities.” We concur that such practices are unacceptable.

Certain federal regulators used “supervisory scrutiny and other influence over regulated banks to direct or otherwise encourage politicized or unlawful debanking activities.” Again, we have not observed such practices with our banks, but we strongly believe that such supervisory influence is unacceptable. Broad classes of otherwise legal business should not be denied access to financial services based on political considerations.

The Department’s expectations are that our banks will continue to make such decisions based solely on sound business reasoning consistent with existing federal laws and regulations including those related to anti-money laundering and Bank Secrecy Act compliance. Our belief is that sound business reasoning includes safety and soundness considerations such as overall concentrations of risk including funding and credit risks as well as individual risk characteristics of particular customers.

As for our expectations regarding banks engaging in legal business activities driven by new and evolving technology such as Stablecoin and other fintech or cryptocurrency related activities, our only request is that our banks notify us when first engaging in such activities in which they have not previously engaged. This notification is not intended to require advance approval but is requested so that we can appropriately staff our upcoming examinations and supervisory activities. Having advance notice will allow us to provide the appropriate level of expertise on examinations to make them more effective, efficient, and less burdensome to the banks.

Guidance

While it is my belief that Alabama banks are already doing so, effective September 1, 2026, all Alabama, State-chartered banks should follow this Guidance represented by my statements above. As for our examination efforts regarding assuring compliance with this Guidance, we will be inquiring, during future supervisory activities as to our banks’ policies and practices regarding customer access to their services.