

January 24, 2011

The Honorable Spencer Bachus
Chairman, Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Bachus:

The undersigned banking trade associations, representing banks of all sizes in every state, are writing to request that the House Financial Services Committee convene hearings at the outset of the 112th Congress to examine the current environment affecting banks and the future of community banks in particular.

All banks are facing a mounting number of challenges that are severely threatening the long-term future of these great institutions. Bankers throughout the country have shared stories of examinations that are overly restrictive in their review of banks' activities and often contradictory in their conclusions. In addition, all banks are facing a tremendous amount of new regulations that will significantly increase their costs. The new regulations come at a time when regulatory agencies are demanding even greater amounts of capital retention and increased lending activity. The combination of these issues has made lending extremely challenging and made operating a community bank especially difficult.

For the first time, community banks are beginning to question their ability to preserve their independence in the face of examiner pressure, and, especially, regulatory costs. These are healthy banks, yet they feel the need to explore sale or merger. The number of these banks may shrink dramatically over the next few years.

As Federal Reserve Chairman Ben Bernanke recently stated before the Senate Budget Committee, the preservation and survival of these community institutions is directly linked with the economic recovery efforts that this Congress will undertake in the coming months. To that end, it is very important that Congress hold hearings to understand the regulatory pressures that are being placed on the banking industry in general, and on community banks in particular.

We look forward to working with you on hearings on these very important issues for the banking industry.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association

Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Heartland Community Bankers Association
Idaho Bankers Association

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Illinois Bankers Association	North Carolina Bankers Association
Illinois League of Financial Institutions	North Dakota Bankers Association
Indiana Bankers Association	Ohio Bankers League
Iowa Bankers Association	Oklahoma Bankers Association
Kansas Bankers Association	Oregon Bankers Association
Kentucky Bankers Association	Pennsylvania Bankers Association
Louisiana Bankers Association	Puerto Rico Bankers Association
Maine Association of Community Banks	Rhode Island Bankers Association
Maryland Bankers Association	South Carolina Bankers Association
Massachusetts Bankers Association	South Dakota Bankers Association
Michigan Bankers Association	Tennessee Bankers Association
Minnesota Bankers Association	Texas Bankers Association
Mississippi Bankers Association	Utah Bankers Association
Missouri Bankers Association	Vermont Bankers Association
Montana Bankers Association	Virginia Bankers Association
Nebraska Bankers Association	Washington Bankers Association
Nevada Bankers Association	Washington Financial League
New Hampshire Bankers Association	West Virginia Bankers Association
New Jersey Bankers Association	Wisconsin Bankers Association
New Mexico Bankers Association	Wyoming Bankers Association
New York Bankers Association	

Cc: Members of the House Financial Services Committee