A Blueprint for Growth
In 2021 and Beyond

We call on Congress and the Administration to embrace the following priorities:

Supporting a Robust Post-Pandemic Recovery

America’s banks pledge our continuous engagement with communities, consumers, businesses, federal and state authorities and other stakeholders to lift the economy out of the devastating effects of the Pandemic. Strong and consistent policy responses, when coupled with private-sector resources and knowledge, will drive our economy forward.

Paycheck Protection Program and small business support. Continue to inject federal funds into the hands of America’s small businesses as needed to provide a bridge across the health crisis. Remove obstacles to PPP participation to facilitate quick access to funding and forgiveness, including ongoing streamlining of the Small Business Administration’s procedures to promote certainty and consistency. Ensure administrative flexibility for both small businesses and lenders as they quickly bring these funds to communities that need them.

Targeted efforts to support communities in need. Work closely with government officials and local stakeholders to target support for underserved businesses and consumers, including communities of color, rural areas and distressed neighborhoods. Such programs include increased federal supports for community development financial institutions, micro-loan programs, New Market Tax Credits, Low Income Housing Tax Credits and Opportunity Zone tax incentives. Working with the private sector, promote industry-driven initiatives that increase financial inclusion, such as Bank On. Provide ongoing dedicated PPP resources for CDFIs and minority depository institutions.

Promote regulatory consistency and support. Ensure the continued application of the emergency regulatory policies implemented during the pandemic to support efforts by our nation’s banks to repair the economy. Continue flexible and consistent regulatory approaches to troubled debt restructuring, Current Expected Credit Loss application, loan loss reserve management and leverage capital levels, among other things, so as not to restrict the availability of future credit. Continued flexibility and consistency will encourage all banks to help consumer and business borrowers to work through pandemic-related issues involving commercial real estate, housing, small business and other lending portfolios.

Liability protection. Protect businesses from liability for good-faith efforts to combat COVID-19 transmission in the workplace—incentivizing the economy to recover as quickly as possible while maintaining safe environments.

Forward-Looking Efforts to Drive a Healthy Economy

Post-pandemic, banks will be key drivers of economic prosperity for consumers and communities everywhere, best served by well-functioning financial markets that promote broad and fair access to financial services for all Americans. Embrace policy opportunities that promote economic growth within a strong and balanced regulatory structure.

Rural growth. Pursue pro-growth policies to help farmers manage debt burdens and pricing challenges, fight deposit flight through encouraging access to stable longer-term funding sources and address the shortage of qualified appraisers in rural areas that hinders real-estate transactions. Empower agricultural banks with the same tax supports available to help farm lending that are provided to the Farm Credit System.

Expand SBA programs. Expand traditional SBA lending programs (e.g., 7(a), 504, microloans) to reinvigorate the small business market. Support targeted programs to address the needs of underserved communities and market segments.
**Capital, funding and reserves.** Continue a balanced approach to regulation, acknowledging the capital strength of the U.S. banking industry in the face of the pandemic. Address the negative and pro-cyclical aspects of government policies (e.g., CECL) that hamstring bank abilities to lend and promote economic growth, modifying as appropriate while simplifying community bank compliance burdens.

**Support housing markets.** Ensure Americans have access to mortgage loans and affordable housing. Reduce barriers that impede the mortgage credit markets and address unresolved national housing finance issues, including the use of public/private partnerships that address affordability issues in low-to-moderate-income areas. Reduce potential taxpayer liability through well thought out GSE reform that constrains the role of the federal government through a well-defined, explicit and fully-priced guarantee of loans made by private lenders. Ensure equitable access for all-sized banks in all communities.

**Cannabis banking.** Resolve the conflict between federal and state law to permit the banking of state-authorized cannabis companies and related businesses. Seek practical solutions that mitigate pressing state revenue collection, public safety and bank regulatory problems, while eliminating sanction risk for those banks that choose to provide such services.

**Brokered deposits/national rate cap.** Continue to modernize the brokered deposit laws to allow diversity of funding sources, better interaction with depositors and a more balanced recognition of assets rather than deposits as sources of risk. Address continuing national rate cap issues that impede deposit gathering by community banks.

**Anti-money laundering/Bank Secrecy Act.** Implement the recently-enacted beneficial ownership registry and other improvements, including expanded feedback from law enforcement and enhanced information sharing. Embrace further legislative and regulatory efforts to reform Currency Transaction Report and Suspicious Activity Report thresholds and exceptions for seasoned customers.

**Data privacy.** Support a federal privacy law that preempts inconsistent state laws and applies the same standards to all industries, protects consumer privacy, and does not conflict with existing federal laws such as the Gramm-Leach-Bliley Act. Any privacy legislation should permit appropriate information sharing, such as providing information to regulators and law enforcement, and not impede the ability to conduct authorized financial transactions. Support federal data breach legislation that applies a national bank-like standard for protecting customer information and notifications. Ensure consumers have the ability to securely and transparently share their financial data with third parties. Promote a robust culture of cybersecurity at all businesses in the face of increasing threats.

**Flood insurance.** Help homeowners to protect themselves with reliable access to the National Flood Insurance Program or through private flood insurance. Advance long-term reauthorization of the NFIP and reforms to strengthen the NFIP financially and to retain its affordability, while also promoting a vibrant private flood insurance market.

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**Serving All Communities**

The banking industry is diverse, with over 5000 charters supporting communities throughout the U.S. Whether a community, midsize, regional or money-center bank, all are in the business of meeting the needs of our communities and driving economic prosperity. To complement that, ABA continues to support private initiatives and government policies that expand our collective abilities to meet unmet needs while doing so in a manner that promotes public confidence in the stability of our financial system.

**Consumer protections.** Embrace industry efforts to extend credit to all qualified borrowers and promote economic inclusion, while ensuring consumers remain protected from the misdeeds of bad actors. Approach policy initiatives with a balanced view and a recognition that directives may have unintended consequences that reduce access to credit, harm individuals and businesses intended to be protected, or otherwise discourage the provision of needed services. Encourage consideration of the unintended consequences attendant to interest rate caps, further regulation of overdraft, small business lending data reporting requirements and other initiatives. Ensure similar regulation and supervision of all bank and nonbank market participants engaged in the same activity.

**Diversity, equity and inclusion.** The responsibility to advance the principles of diversity, equity, and inclusion apply broadly to all business segments and communities throughout the nation, including banks of all sizes and in all communities. ABA and its members remain committed to work with policymakers to play our part in addressing societal concerns. Banks have an important role to play to help address systemic racism, both as employers and as engines that drive economic growth across the country. ABA will advocate for public policy solutions that help banks serve their communities and advance the cause of creating a more equal and inclusive society.
Modernize CRA. Federal banking regulators should promulgate interagency Community Reinvestment Act rules that embrace the dynamic marketplace and technology changes that have occurred in the 40 years since the law’s passage. Improve the clarity of regulations, consistency of examinations and performance metrics to better inform banks and other stakeholders on CRA responsibilities. Recognize that an increasing share of the financial marketplace is being served by bank-like entities not subject to CRA, such as credit unions, the Farm Credit System, nonbank mortgage lenders and fintech companies, and that failure to impose similar responsibilities on such entities reduces the impact of CRA on local communities.

Environmental, socially responsible, and corporate governance policy. Engage with policy makers to ensure that climate and other ESG-related efforts are market-based, pro-growth and based upon sound and reliable metrics. Inform policymakers and the public of robust industry efforts to further responsible and risk-based environmental, social and governance efforts. Provide a forum for industry discussion and information sharing on ESG issues. Counter ill-advised policy efforts to dictate requirements for, or limits on, legal lending, investment, or other engagement in ESG-related activities by private-sector participants. Promote and support voluntary efforts that foster ESG activities in the private sector.

**Promoting Innovation and Consistent Regulation**

Innovation in financial services has the potential to increase U.S. competitiveness, promote financial inclusion, and expand access to banking services that drive the economy. Financial innovation only provides these benefits when it is delivered in a safe and responsible manner. New business models are emerging that look to offer banking services without being subject to banking rules and regulations intended to protect consumers. Policymakers should look for opportunities to promote responsible financial innovation while limiting regulatory arbitrage that could leave consumers exposed.

Flexibility to innovate and expand financial inclusion. Promote a regulatory environment that fosters cutting-edge bank innovation that serves evolving consumer needs. Streamline supervisory processes to support reasonable risk-taking, bank/tech company partnerships, bank-driven pilot programs, and the appropriate use of artificial intelligence and machine learning. Continue to advance innovations in the delivery of banking services to unbanked communities.

Focus on smaller banks’ innovation needs. Reduce burdens associated with vendor risk management, while strongly encouraging core service provider innovation, oversight and consumer-focused value to bank clients.

Ensure a level playing field and protect consumers. Recognize the systemic threats posed by unregulated evolution in the financial marketplace, including the development of alternative currencies, nonbank provision of banking services and recent efforts to create cryptocurrency and non-depository bank charters. Explore the privacy and safety and soundness risks raised by potential big tech firm entries into the financial services marketplace, as well as nonbank efforts to obtain “bank-lite” charters that may mislead consumers on the security of deposits and undercut public confidence in the financial system. All policy changes considered should be transparent and involve public review and comment.

Maintain the dynamism and integrity of our critical payments infrastructure. Support payment system innovation fostering a safe, dynamic, efficient and bank-centric system that serves and protects consumers and facilitates growth. Attempts to push the Federal Reserve and the U.S. Postal Service into retail banking are unnecessary and would seriously undermine the banking system and the transmission of monetary policy. Restore market pricing on debit interchange fees to ensure free market principles promote competition and innovation.

Credit unions and the Farm Credit System. Eliminate market inequities among banks, credit unions and FCS institutions by applying equal regulation, tax treatment and regulatory oversight to these entities that perform the same functions as financial intermediaries. Lax regulation and government subsidies permit larger CUs and the FCS to drain deposits from local communities, reduce local tax revenue and lower underwriting standards, harming those communities and the community banks that serve them. Differences in the tax status, application of CRA, brokered deposit rules, appraisal standards, capital and regulatory laxity must be addressed.

Final Thoughts

Support a diverse banking industry. Promote the collective strength of our nation’s vibrant banking system, recognizing that banks of all sizes and business models play an instrumental role in driving local economic growth. Encourage the creation of de novo institutions, support the continued prosperity of community banking, recognize the importance that larger institutions play in our banking ecosystem, and otherwise promote the ability of all banks to better serve their customers and communities. American Bankers Association members are available to assist the administration and Congress in dialogue, testimony and ideas to strengthen the U.S. banking system and economy.