American Bankers Association

A Blueprint for Growth

In 2022 and Beyond

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

Drive a Healthy and Inclusive Economy

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. Our economy is best served by well-functioning financial markets that promote broad and fair access to financial services for all Americans.

Embrace diversity in bank business models. 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. Recognize that a fair and efficient merger application and review process is essential in the current competitive landscape and provide for a balanced, fair, and transparent process. Encourage the creation of de novo institutions, support Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), 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.

Streamline and harmonize information collection regimes. Multiple massive data collection regimes impose a significant compliance burden on banks, which is particularly challenging in the face of increased competition from non-banks that either do not face the same reporting requirements or are not regularly examined for compliance and data accuracy. Approach information collection 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. Consider potential unintended consequences attendant to interest rate caps, further regulation of overdraft, small business lending data reporting requirements and other initiatives.

Continue a balanced approach to capital requirements. Address the negative and pro-cyclical aspects of government policies that hamstring bank abilities to lend and promote economic growth. 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 Current Expected Credit Loss (CECL) application, loan loss reserve management and leverage capital levels, among other things, so as not to restrict the availability of future credit.

Focus support on rural and underserved communities. Work closely with banks, 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 CDFIs and MDIs, equivalent tax support for agricultural banks as is provided to the Farm Credit System, micro-loan programs, New Market Tax Credits, Low Income Housing Tax Credits and Opportunity Zone tax incentives. Evaluate whether the credit union tax exemption, which was intended to help meet the needs of underserved communities, is delivering data-driven results. Working with the private sector, promote industry-driven initiatives that increase financial inclusion, such as Bank On.

Support Housing Markets. 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. Address the shortage of qualified appraisers, and increase diversity in the profession. Work with government, GSEs, industry, appraisers, and fair housing advocates to identify and reform practices that may lead to bias in home valuations. 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.

Provide legal clarity. Enact urgently needed legislation to smooth the transition from LIBOR, permit banking of state-authorized cannabis companies and related businesses, and provide long-term reauthorization of the National Flood Insurance Program. Federal legislation is needed to provide a clear and reliable legal framework for each of these issues, on which banks, businesses, and homeowners can rely.

Support a Dynamic and Innovative Banking Industry

Innovation in financial services has the potential to increase U.S. competitiveness, promote financial inclusion, and expand access to banking services. Delivering that innovation through the regulated banking system minimizes systemic risks and maximizes consumer protection, while maintaining America's position as the most vibrant and competitive financial services marketplace in the world.

Provide regulatory clarity. Consumers will be best served when they can access the products and services they need through fully regulated banks where they are afforded robust consumer protection. Ensure that banks clearly understand regulatory expectations to encourage full participation in new financial services products and markets, including digital assets and cryptocurrencies. A common taxonomy and understanding of crypto assets' risks and features, broadly consistent and coordinated across all the relevant regulators, is essential to fostering prudent innovation within a sound risk management framework. Clarify that core banking products and services are generally permissible when conducted in a safe and sound manner, even if delivered through novel technology.

Maintain thoughtful guardrails. Unregulated evolution in the financial marketplace carries systemic risk that can have unintended consequences for consumers and communities and destabilize the economy. Carefully consider 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.

Ensure flexibility to innovate. Banks of all sizes need a regulatory environment that fosters cutting-edge bank innovation to serve consumer needs and compete effectively in a rapidly evolving marketplace. Streamline supervisory processes to support reasonable risk-taking, bank/tech company partnerships, bank-driven pilot programs, and fair and responsible use of artificial intelligence and machine learning. Continue to advance innovations in the delivery of banking services to unbanked communities. Promote smaller bank innovation by reducing burdens associated with vendor risk management and encouraging core service provider innovation.

Reject disruptive government intervention. Restore market pricing on debit interchange fees to ensure free market principles promote competition and innovation. 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. Similarly, the implementation of a Central Bank Digital Currency would establish the Federal Reserve as an advantaged competitor to bank deposits, draining our nation's deposit base and limiting the availability of credit that powers economic growth.

Protect Consumers with Consistent Regulation

Regulations must be tailored to the activity, not the institution. A regulatory framework that is both uniform and responsive to changing needs provides equivalent consumer protections, data security standards and prudential oversight across all financial services providers and holders of financial data.

Minimize government subsidies that distort the financial services marketplace. A level playing field for financial services providers will ensure banks can continue to evolve, compete and innovate to meet customer needs. Eliminate market inequities among banks, credit unions and Farm Credit System institutions by applying equal regulation, tax treatment and regulatory oversight to these entities that perform the same functions as banks. Lax regulation and government subsidies permit larger credit unions and the Farm Credit System 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.

Adopt activity-based regulation for non-bank financial firms. Non-bank payments, lending and other financial services should be subject to strong bank-like regulation and supervision to ensure equivalent consumer protections across financial services providers. Protect our critical payments infrastructure by requiring all applicants for a Master Account at the Federal Reserve to meet the same standards of comprehensive federal regulation and oversight. Recognize the significant privileges and responsibilities attendant to a bank charter and carefully evaluate proposals that would convey the benefits without the full spectrum of responsibilities.

Modernize CRA. 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.

Ensure that non-bank financial firms are supervised for compliance with consumer protection rules. Amend the Equal Credit Opportunity Act to give the CFPB authority to examine nonbank small business lenders for compliance with the small business lending data collection rule (section 1071) and for fair lending. Write a "Larger Participant rule" identifying the consumer installment lenders that should be subject to CFPB supervision.

Embrace robust data privacy standards. Enact 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. Enact federal data breach legislation that applies a national bank-like standard for protecting customer information and notifications. Ensure consumers can securely and transparently share their financial data with third parties. Provide safe harbors for robust data sharing to identify cyber vulnerabilities, fraudulent customer accounts, and insider threats. Support the development of risk solutions and best practices tailored to bank risk, complexity, and business models by strengthening regulatory alignment of effective operational risk and resiliency practices.

Tailor environmental, socially responsible, and corporate governance policy. Ensure that climate and other ESG-related efforts are well coordinated and consistently applied across regulators, are appropriately tailored to accommodate smaller banks' capabilities and reflect communities' economic needs, are market-based, pro-growth and based upon sound and reliable metrics. Ensure that banks are not used as a substitute for direct regulation of other industries and are not subject to regulation or restrictions that go beyond prudential regulation and the safety and soundness of the banking system.