

Date: December 16, 2025

To: Members of the House Committee on Financial Services

From: Kirsten Sutton, Executive Vice President, Congressional Relations & Legislative Affairs

Re: ABA's Views on Legislation for the December 16 – 17, 2025, Full Committee Markup

On behalf of the members of the American Bankers Association (ABA),<sup>1</sup> please see below our views on several bills that are scheduled for consideration by the Committee on December 16 - 17, 2025. Thank you for the opportunity to express our views on these measures.

The ABA supports the following bills noticed for the markup:

### **Extending the National Flood Insurance Program**

H.R. 5577, the NFIP Extension Act of 2026, led by Chairman Andrew Garbarino (R-NY), would extend the National Flood Insurance Program (NFIP) through September 30, 2026, and make it retroactive to September 30, 2025. This extension of the NFIP is critical to the extension of mortgage and commercial credit by the banking industry and to ensure homeowners and businesses continue to have access to affordable, reliable flood insurance coverage. Further, this important extension is consistent with the long-standing views of ABA member banks, and we urge the Committee to prevent future disruptions to this critical program by enacting long term NFIP authorizing legislation.

### **Indexing Asset Thresholds**

For decades, many statutory and regulatory asset thresholds have stayed fixed in nominal terms, even as the economy has grown. These thresholds were set during very different economic conditions and have not been updated to reflect significant changes in the banking sector over time. As a result, thresholds that once reflected meaningful distinctions in size, complexity, or risk now capture institutions that were never intended to face heightened regulatory requirements—discouraging organic growth and diluting regulatory resources. ABA recommends, after a one-time adjustment to correct past inaction, linking asset thresholds to nominal GDP, which reflects the size of the economy and the scale of the banking sector. Indexing is a low-cost, high-impact reform that improves transparency, reduces arbitrary burden, and allows regulators to focus on actual risk.

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<sup>1</sup> ABA is the voice of the nation's \$25.1 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard \$19.7 trillion in deposits and extend \$13.2 trillion in loans.

- H.R. 6553, the Tailoring and Indexing Enhanced Regulations (TIER) Act, led by Rep. Andy Barr (R-KY), would index various asset-based thresholds for bank regulations to nominal GDP. The bill focuses on mid-size and regional banks and primarily includes indexing for enhanced prudential standards, periodic and supervisory stress tests. While this legislation does not incorporate indexing for banks of all sizes, ABA welcomes this as a positive step forward and strongly supports the bill's methodology to tie indexing to nominal GDP. Consistent with the strong views of our members, ABA looks forward to working with the Committee to advance additional indexing legislation in the future tied to nominal GDP that provides relief for all banks, including community banks.
- H.R. 6554, the Community Bank Representation Act, by Rep. Monica De La Cruz (R-TX), would expand community bank representation on the Federal Reserve Board by providing a more explicit role in the supervision and regulation of banks with less than \$17,000,000 in total assets, indexed annually for nominal GDP. ABA appreciates the focus on promoting community banks and the precedent being set for indexing tied to nominal GDP.

### **Enhancing De Novo Bank Formation**

Bank consolidation is a long-term trend. In fact, there are 4,316 fewer banks in the U.S. now than in 2005. ABA members believe that consolidation must be tempered by robust de novo bank creation, and our industry has always welcomed competition on a level playing field. New entrants into any industry are a sign of growth and economic opportunity, bringing new vitality to the industry and to the people and communities that they serve. Additionally, new banks stimulate enhanced product offerings and services for businesses and consumers, which translates into greater economic activity and growth in local communities. ABA commends the Committee's focus on promoting de novo formation and endorses legislation to spur the creation of new banks, including the following two bills noticed for this markup:

- H.R. 6536, Rural Depositories Revitalization Study Act, by Rep. Ralph Norman (R-SC), would require the prudential regulators to jointly study ways to improve the growth, capital adequacy, and profitability of rural depository institutions and to identify regulatory barriers to the formation of new depository institutions, and report their findings to Congress.
- H.R. 6551, the New Bank Application Numbers Knowledge Act (New BANK) Act, by Rep. Barry Loudermilk (R-GA), would require the Federal Reserve (FRB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) to publish annual reports on applications received for federal depository institution charters, depository institution holding companies, federal deposit insurance, and State depository institution charters.

## Merger Reforms

ABA applauds the Committee's interest in examining and reforming the regulatory landscape surrounding bank mergers. The current standards for assessing the competitive impact of mergers are significantly outdated and do not accurately reflect competitive conditions in today's financial services markets. By failing to capture the impacts of competition from online financial institutions and nonbank financial services providers, decisions on merger applications by the bank regulatory agencies and the DOJ may unjustifiably constrain mergers involving banks across the industry spectrum. Without meaningful reform to the merger application and review process, banks may be unable to consolidate with neighboring institutions, impairing their ability to continue serving their communities and meet the burdens of increasing regulatory and compliance costs. These constraints on bank mergers are especially problematic in an environment where the credit union industry continues to purchase banks with increasing frequency.

In addition, ABA members involved in mergers often report that the regulatory agencies do not act in a timely manner on applications, which unnecessarily increases costs, and reduces efficiencies for the institutions involved. The following two bills noticed for the markup help advance this overall effort, and we look forward to working on further legislation with the Committee.

- H.R. 6546, Merger Process Review Act, by Chairman Roger Williams (R-TX), would require the Inspector General of each Federal prudential regulator to review its merger review procedures every three years, and submit a report to Congress containing the findings and recommendations and submit a plan to Congress to implement those recommendations.
- H.R. 6570, the Merger Agreement Approvals Clarity and Predictability Act, by Rep. Scott Fitzgerald (R-WI), would require the Comptroller General to study the use of commitments, conditions, and other aspects of the merger review procedures by the prudential regulators in connection with bank merger applications.

## Other Provisions and Regulatory Reforms

H.R. 6544, The Regulatory Efficiency, Verification, Itemization, and Enhanced Workflow (REVIEW) Act, by Rep. William Timmons (R-SC), would amend the *Economic Growth and Regulatory Paperwork Reduction Act of 1996* (EGRPRA) to build on the existing regulatory review process by increasing the frequency to every seven years instead of every ten years and requiring the FRB, FDIC, OCC, and the NCUA to conduct an internal review of the cumulative impact of their regulations.

In the previous Administration, the banking industry faced a “tsunami” of new rules and regulations from the financial regulators. In testimony and other communications with Congress

and policymakers, ABA shared our member banks' concerns about the cumulative impact of uncoordinated regulatory initiatives. Requiring the agencies to review the cumulative impact of all their regulations every seven years rather than every ten years may help with identifying and potentially dealing with regulatory overreach.

H.R. 6550, the American Financial Institution Regulatory Sovereignty and Transparency (American FIRST) Act, by Rep. Barry Loudermilk (R-GA), would require the FRB, OCC, and the FDIC to include in their annual reports information on their interactions with global financial regulatory or supervisory forums like the Basel Committee. It is intended to ensure policy standardization, public transparency, and congressional oversight, which are concepts ABA members have long supported in order to identify and head off acceptance of potentially overly draconian standards set by international bodies for U.S. institutions, especially with respect to capital standards prescribed by the Basel Committee.

## **Resolution Authority**

While ABA has not taken a public position on any legislation related to deposit insurance reform or the bank resolution process during the 119<sup>th</sup> Congress, we applaud the committee for thoughtfully approaching the study and improvement of the bank resolution framework.

H.R. 6555, the Enhancing Bank Resolution Participation Act, led by Rep. Bill Huizenga (R-MI), would require the OCC, FDIC, and the FRB, to jointly study the OCC's use of shelf charters and the modified bidder process. The federal banking agencies would be required to submit a report to Congress containing the study's findings and recommendations for legislative or regulatory changes.

A similar concept was one of the ten recommendations — which ABA believes should ideally move together in a comprehensive reform package — made by a diverse group of ABA members in our August 2025 Deposit Insurance Task Force Report<sup>2</sup> which was shared with the Committee and other policymakers. Our members strongly believe that, especially when paired with the full set of recommendations, increasing the spectrum of institutions permitted to bid on failed institutions, and streamlining the process for bidding on failed institutions, as part of the Resolution process would help expand the pool of participants, increase competition, and further protect the Deposit Insurance Fund (DIF) against losses.

## **Housing**

Finally, ABA is still reviewing the Housing for the 21<sup>st</sup> Century Act, led by Chairman French Hill (R-AR), with our member banks. We commend the Committee for advancing legislation aimed at addressing housing supply and affordability. In particular, ABA applauds the inclusion of Section 303 titled “Community Investment and Prosperity,” which increases the Public Welfare Investment (PWI) cap for the Office of the Comptroller of the Currency (OCC) and the

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<sup>2</sup> <https://www.aba.com/advocacy/policy-analysis/deposit-insurance-task-force-recs>

Federal Reserve from 15% to 20%. ABA supports this provision, which will make it easier for banks to make critical investments, including for Community Reinvestment Act purposes, in much needed affordable housing, financial education, and other community needs. Section 303 amends the National Bank Act and Federal Reserve Act to increase the cap under which banks are allowed to make Public Welfare Investments. Current law grants the OCC and Federal Reserve discretion to allow banks to make Public Welfare Investments up to 15% of the bank's capital stock actually paid in and unimpaired as well as the bank's unimpaired surplus. This section would give regulators discretion to increase that cap to 20%. Strategically increasing the PWI cap would allow banks to make more robust and meaningful investments that qualify as PWI activity under federal law, including:

- Investments in affordable housing
- Investments in entities receiving New Markets Tax Credits
- Investments in or support to entities that provide financial literacy, job training, or other similar assistance to low-to-moderate income (LMI) individuals or individuals in LMI areas
- Any investment or activity that would be a “qualified investment” under the Community Reinvestment Act

Even with these legislative changes, expanded public welfare investments may be inhibited by inconsistent regulatory approaches. The Board of Governors requires prior approval by the Board for certain public welfare investments – even though the OCC and FDIC do not. This additional regulatory step inhibits state member banks from making investments that they would otherwise make and could limit the effectiveness of the expanded cap included in this legislation. In addition to advancing today's legislation, ABA strongly urges the Board of Governors to update their regulatory approach and all regulators to review and revise their regulations in this area to ensure consistency and efficacy.

## **Conclusion**

The ABA respectfully requests that the Committee report favorably the bills summarized above and thank you again for the chance to express our views on this important legislation.