

Date: March 4, 2026

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 March 4-5, 2026, Full Committee Markup

The American Bankers Association (ABA)¹ commends the House Financial Services Committee for advancing the Amendment in the Nature of a Substitute to H.R. 6955, the Main Street Capital Access Act. This legislation includes many provisions that ABA has long supported, such as measures to spur new bank formation, tailor bank regulation, promote greater transparency and fairness in supervision, encourage healthy merger activity, ensure regulatory accountability, and other important issues.

New Bank Formation. ABA welcomes your efforts to study and incentivize the creation of new banks, which is critical to promoting a robust, diverse banking industry nationwide. Bank consolidation is a long-term trend. In fact, there are 4,316 fewer banks in the U.S. now than in 2005. By facilitating the formation of new banks in urban and rural areas the following sections of the bill are a significant step toward expanding banking access for both individuals and small- and medium-sized businesses.

Sec. 101 Promoting New Bank Formation
Sec. 102 New Bank Application Numbers Knowledge
Sec. 103 Rural Depositories Revitalization Studies

Community Investment and Lending. Community development financial institutions (CDFIs) play a critical role in expanding economic opportunity in underserved rural, urban, and Native communities across the country. The measures included in this package will enhance oversight, improve the transparency and effectiveness of existing programs, and help ensure that CDFIs have the tools necessary to support sustainable community development. In addition, the CDFI sections below strengthen the CDFI ecosystem, widen the range of community development projects CDFIs can support, and enhance responsible access to capital. Further, increasing the Public Welfare Investment (PWI) cap from 15% to 20% for banks regulated by the Office of the Comptroller of the Currency and the Federal Reserve will expand banks' ability to make a host of important community investments, including affordable housing initiatives, financial literacy

¹ The American Bankers Association is the voice of the nation's \$25.3 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard \$20.1 trillion in deposits and extend \$13.5 trillion in loans.

programs, job training, activity that qualifies for Community Reinvestment Act credit, and contributions to entities receiving New Markets Tax Credits.

Sec. 104 Community Investment and Prosperity

Sec. 105 CDFI Fund Transparency

Sec. 106 CDFI Bond Guarantee Improvement

Tailoring Bank Regulation and Indexing Asset Thresholds. Prudential regulation and supervision should be tailored based on capital structure, risk profile, complexity, activities, business model, and size of the institution. To ensure such tailoring remains meaningful over time, key regulatory thresholds should also be indexed to nominal gross domestic product after a one-time increase to account for past inaction. Indexing is a low-cost, high-impact, and durable reform that improves transparency, reduces arbitrary burden, and allows regulators to focus on actual risk. The following sections of the bill promote common sense tailoring of bank regulations and thoughtful indexing of various asset thresholds.

Sec. 201 Taking Account of Institutions with Low Operation Risk

Sec. 202 Small Bank Holding Company Relief

Sec. 203 Community Bank Leverage Improvement and Flexibility for Transparency

Sec. 204 Tailoring and Indexing Enhanced Regulations

Sec. 205 Community Bank Regulatory Tailoring

Fair and Transparent Bank Supervision. Ensuring fairness and accountability in the bank examination process, removing “reputational risk” as a component of bank supervision, improving the process for institutions to appeal supervisory determinations, and ensuring a prompt review of Material Supervisory Determinations are all important steps that contribute to the long-term health of the banking industry. The following sections of the bill will help bring needed clarity and transparency to the regulatory process.

Sec. 301 Halting Uncertain Methods and Practices of Supervision

Sec. 302 Fair Audits and Inspections for Regulators’ Exams

Sec. 303 Supervisory Modifications for Appropriate Risk-based Testing

Sec. 304 Tailored Regulatory Updates for Supervisory Testing

Sec. 305 Financial Integrity and Regulation Management

Regulatory Accountability. 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, we have shared our member banks’ concerns about the cumulative impact of uncoordinated regulatory initiatives, misuse of regulatory guidance by the regulatory agencies, and the opaque activities of global financial regulatory forums. The following sections would ensure greater accountability at the federal banking agencies.

Sec. 401 FDIC Board Accountability

Sec. 402 Stop Agency Fiat Enforcement of Guidance

Sec. 403 Regulatory Efficiency, Verification, Itemization and Enhanced Workflow

Sec. 404 American Financial Institution Regulatory, Sovereignty and Transparency

Strengthening Local Bank Funding. Ensuring that banks have stable sources of funding is critical to the provision of banking services to customers across the country. One important source of liquidity is the Federal Reserve’s Discount Window, which allows eligible banks and financial institutions to borrow money from the Fed to meet cash demands and manage credit flow. The following would modernize Discount Window operations, bolstering its effectiveness as a liquidity tool for banks across the country.

Sec. 501 Bringing the Discount Window into the 21st Century

Merger Competition and Clarity. 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. 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 sections would modernize the bank merger process by eliminating opacity while requiring timely determinations on merger applications.

Sec. 601 Bank Competition Modernization

Sec. 602 Merger Agreement Approvals Clarity and Predictability

Sec. 603 Merger Process Review

Sec. 604 Bank Failure Prevention

Resolution Authority. We commend the committee for thoughtfully approaching the study and improvement of the bank resolution framework. For example, Sec. 702, Enhancing Bank Resolution Participation 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 published in August 2025 in the ABA Deposit Insurance Task Force Report², which was shared with the Committee and other policymakers. Our member banks strongly believe that, especially when paired with the full set of recommendations, increasing the spectrum of institutions permitted to bid on failed institutions would improve the bank resolution process. Further, streamlining the process for bidding on failed institutions would help expand the pool of participants, increase competition, and further protect the Deposit Insurance Fund (DIF) against losses.

We also applaud Sec.704, Systemic Risk Authority Transparency, which requires the Government Accountability Office and Federal banking regulators to issue reports detailing the causes of bank failures, regulatory actions, and any management or supervisory shortcomings, within certain timeframes after the FDIC invokes the systemic risk exception. This section aligns

² <https://www.aba.com/-/media/documents/position-papers/08122025-aba-task-force-deposit-insurance-recommendations.pdf?rev=244a2874d8c74f8c889235c43f3a480f>

with ABA's recommendations and would provide needed transparency and accountability with respect to future regulatory actions.

Facilitating Bank Partnerships. ABA commends efforts to create regulatory flexibility in bank product and service offerings. The following section would require the Fed to permit merchant banking investments to be held for at least 15 years from the date of initial investment, allowing banks to make long-term investments in businesses of all sizes, including services related to private equity, financial advising, merger-and-acquisition guidance, and specialty loan services.

Sec. 801 Merchant Banking Modernization

Conclusion

The ABA respectfully requests that the Committee report favorably the provisions included in H.R. 6955, the Main Street Capital Access Act as summarized above and thank you again for the chance to express our views on this important legislation.