

January 12, 2015

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, DC 20510

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Re: Legislative Platform for America's Hometown Banks

Dear Leader McConnell, Leader Reid, Speaker Boehner and Leader Pelosi:

As this new Congress begins, the American Bankers Association (ABA) would like to share with you an overview of our top legislative priorities for the 114th Congress. ABA is the voice of the nation's \$15 trillion banking industry, which is composed of small, midsize, regional and large banks that together employ more than 2 million people, safeguard \$11 trillion in deposits and extend over \$8 trillion in loans.

Our priorities represent an overarching focus on helping America's hometown banks – of diverse sizes and charter types – serve their customers and grow the economy. We hope you take these issues into consideration as you move forward with your agenda.

Removing Impediments to Serving Customers

Excessive regulation and overzealous enforcement can be disincentives to providing customers the products and services they want and deserve. The ABA will focus on and support regulatory relief bills that allow hometown banks to provide the best products and services to consumers. These include efforts to:

- Reform overly prescriptive rules that have discouraged banks from flexibly serving customers and markets segments, such as elements of the CFPB's suite of mortgage rules;
- Simplify burdensome and unnecessarily complex bank capital and liquidity rules that impede increased lending;
- Ensure a balanced approach to regulation and enforcement of policy initiatives – such as efforts on overdraft protection, fair lending, and Operation Chokepoint – that unintentionally limit banks' ability to serve individual market needs or otherwise drive customers to unregulated players, such as payday lenders and loan sharks; and

- Vigorously review, identify and roll back rules and provisions that have outlived their usefulness or have expanded to the point of that their costs of compliance clearly exceed the benefits of the regulation.

The House Financial Services Committee made great bipartisan progress passing several measures in the last Congress, including legislation to allow residential mortgages held in a bank's portfolio to meet ability-to-repay requirements. Such measures help both consumers and communities. We look forward to working with members of the 114th Congress to advance similar legislation this year.

Empowering Public/Private Cybersecurity Efforts and Enhancing Data Breach Protections

The Federal Government and our nation's financial institutions work hand-in-hand to combat the increasingly systemic threats of cyber terrorism from nation-states and sophisticated criminal elements. ABA supports legislation that enhances our collective ability to fight threats in this area by expanding information sharing between public and private entities, while providing appropriate privacy and liability protections.

Moreover, banks employ high standards of cybersecurity to protect their consumers, while other parties that experience breaches of consumer data impose enormous costs on banks and their customers. Congress must ensure that all participants – banks and nonbanks – are subject to the same rules and oversight in order to protect consumers and reduce overall risk to the system. ABA supports legislative efforts that balance the responsibility and hold all parties to consistent data security and breach notification standards. Ensuring the safety of consumer information is a shared responsibility of the public and private sector, and we share Congress' sense of urgency in addressing this important matter.

Achieving Tailored Regulation

Recent dramatic expansions in regulations have placed overwhelming burdens on many banks, impeding their ability to serve their communities. A long-term vision for regulation is needed that tailors rules to suit the diverse business models and risk profiles within the banking industry. ABA supports legislative efforts to remove arbitrary regulatory thresholds that do not correspond to a bank's risk and business model. Such thresholds have done nothing more than hinder the growth of America's hometown banks and stymie their ability to fill customer needs. ABA will also pursue legislation that provides for an independent bank examination appeals process. We urge Congress to use both its oversight and legislative authority to undertake a comprehensive review of regulations to ensure that they appropriately fit the diverse business models of our country's more than 6,500 banks.

Enhancing Charter Diversity and Leveling the Playing Field

A diverse and safe banking sector must be flexible while also ensuring that all financial service providers compete on a level playing field. The ABA will pursue legislation that provides taxpaying savings institutions and Subchapter S banks with protection and charter flexibility, as well as

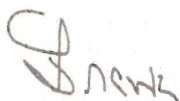
opportunities for increased capital raising to support economic growth. In addition, ABA will pursue equal tax and regulatory treatment for credit unions that have gone beyond their core mission to serve people of modest means. Likewise, lawmakers should reexamine and eliminate the Farm Credit System's tax-favored status and subject the System to much greater scrutiny to ensure its lending is focused on agriculture. Stronger oversight of the fast-growing credit union industry and Farm Credit System is long overdue, and we urge bipartisan support for a congressional review of these entities.

Protecting the Payment System

Banks have been responsible stewards of the payments system for generations. As banks and nonbank players alike bring exciting new innovations to market, Congress and regulators must ensure that all participants – whether banks or nonbanks – are subject to the same rules and oversight in order to protect consumers and reduce overall risk to the system. Such a system should promote innovation in payments while eliminating artificial price controls that impede efforts to serve consumer and market needs.

Congress, regulators, and banks have a shared, vested interest in the health and success of America's Hometown Banks. ABA – which represents banks of all sizes and types – looks forward to working with you to ensure a vibrant banking industry and a prosperous economy. Please do not hesitate to contact me or James C. Ballentine, Executive Vice President of Congressional Relations & Political Affairs at jballent@aba.com or 202-663-5359.

Sincerely,



Frank Keating

cc: Members of the United States Senate
Members of the United States House of Representatives