

November 9, 2016

President-Elect Donald Trump
1717 Pennsylvania Avenue, NW
Washington, DC 20006

Dear President-Elect Trump:

Congratulations on your historic election as our 45th president of the United States. The American Bankers Association is eager to work with your administration and the 115th Congress to achieve our shared goals for a vibrant and growing economy.

ABA represents banks of all sizes, charters and business models across the country. This diversity—which includes community, mutual and trust banks as well as mid-size, regional and globally active institutions—is critical to supporting America’s complex, \$18 trillion economy. A bank’s goal, like yours, is the success of the people it serves—America’s families, homeowners, small businesses and larger companies that together create thriving communities. Therefore, the policy solutions for which we advocate are those that help customers, clients and communities succeed.

As you prioritize your initiatives for the coming year, we urge you to consider the following principles and the policies that support them. We believe these are areas on which all policymakers can agree, and present an opportunity to prove that Washington is capable of both bipartisan spirit and action.

A Growing Economy in Which All Americans Can Participate

A thriving economy depends on well-functioning credit markets as well as consumers and businesses that can take advantage of them. More efficient regulation of banks and policies that make credit and debt more manageable for borrowers can increase the ability for all—lenders and borrowers alike—to participate in the credit cycle and generate economic growth and prosperity. Policy solutions include:

- **Smart Regulation.** Rules aimed at the largest institutions often trickle down in the form of “best practice” expectations for all banks, regardless of size, risk or applicability to a bank’s business model. This impedes banks’ ability to meet their customers’ needs and in the process grow businesses and create jobs. We advocate a tailored, balanced regulatory structure that acknowledges that a bank’s risk is not measured by size alone, and that accounts for the variety and resilience of the different segments of the banking industry. Instead of one-size-fits-all regulation, a more thoughtful, analytical approach would make for a safer and sounder financial system while freeing billions of dollars in capital for investment in good-paying American jobs. In addition to tailoring future rules, we encourage your administration to address existing banking regulations that are poorly suited to the nation’s smaller banks. Excessive capital requirements and increasing compliance demands have forced some community banks out of product lines and others out of business, exacerbating a disturbing trend in consolidation that must be reversed in order to ensure communities—particularly

rural ones, where a community bank is often the only provider—have access to vital financial services.

- **Small Business Growth.** Banks are strong proponents of the Small Business Administration’s SBA Advantage and SBA Grow loan programs (formerly known as the 7(a) and 504 loan programs) and back increased funding to ensure small businesses have access to affordable credit.
- **Student Debt.** Student loans are a staggering burden on young adults today, with two-thirds of college graduates holding debt upon graduation. This limits the ability of millennials—now our largest generation—to engage in commerce. ABA would like to work with you to explore changes to the tax treatment of student debt repayments so that we can help those who have invested in their potential.

A Thriving Housing Market that Provides Stability and Mobility

Ensuring Americans have access to mortgage loans and affordable housing can help stabilize communities and provide individuals and families with the means of building wealth. Barriers to this include financial regulation that has tightened mortgage credit markets, an unresolved national housing finance policy and sluggish economic growth that has restricted the building and supply of affordable homes. Policy solutions include:

- **Mortgage Loans.** Simplify regulations to encourage banks to make and hold on their books safe mortgage loans with commonsense legal protections.
- **Housing Finance Reform.** Reduce the role of the federal government—and potential taxpayer liability—in housing finance to a well-defined, explicit and fully priced guarantee of loans targeted to low- and moderate-income creditworthy borrowers.
- **Affordable Housing.** Expand the low-income housing tax credit, which currently funds 70 percent of all affordable rental properties.
- **Flood Insurance.** Help property owners better protect themselves financially from flooding by providing more incentives to participate in the National Flood Insurance Program and encouraging development of a competing private flood insurance market.

Banking Technologies that Advance Competition, Convenience and Safety

New banking technologies have the potential to increase U.S. competitiveness, promote financial inclusion, and expand access to banking services that drive the economy. Policies that advance this principle include:

- **Fintech.** Facilitate partnerships of banks and technology firms, ensure customers are protected through consistent and effective oversight of all providers, and encourage innovations by providing a regulatory “greenhouse” for testing new products before roll-out.

- **Cybersecurity.** Bolster America's financial services system against cyberattacks by increasing the sharing of information between the government and private sector.
- **Data Breaches.** Impose a national data protection and breach notification standard for all who handle sensitive personal financial information.
- **Market Pricing for Card Services.** Restore market pricing on debit interchange fees so that consumers can again enjoy such services as free checking accounts and debit card rewards.

We are happy to provide more detailed information about these topics. We also would welcome the opportunity to bring together your policy experts and some of the thousands of women and men who lead our member institutions for a more nuanced discussion of how to accelerate economic growth through America's banks.

Respectfully,



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Rob Nichols
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