



# AMERICA'S MUTUAL BANKS

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## MUTUAL ALERT

### CONGRESS AND ADMINISTRATION TAKE ACTIONS FAVORING MUTUAL COMMUNITY BANKS

This last week saw a number of developments which sent strong signals on the Administration's support for community banks. The week began with the Secretary of the Treasury Bessant's rare comment on "Meet the Press" supporting community banking followed by a speech further expressing support.

Later in the week, the Senate Banking Committee held a hearing on the nominees for Comptroller, Jonathan Gould, and Assistant Secretary for Financial Institutions, Luke Pettit. Both the nominees are Washington veterans, having served in the Congress as staffers and Mr. Gould as former OCC Chief Counsel. The hearing was short with four nominees testifying with limited time for questions. Significantly, Sen Tom Tillis (R.-N.C.) questioned Pettit and Gould on how to use S.2155 to provide relief to community banks. (Many have described it as locking the barn door after the horse has escaped). A conversation ensued where the nominees commented on the Silicon Valley Bank failure and regulatory malpractice. Senator Katie Britt (R-Ala.), herself a former staffer, bemoaned the ever-increasing regulatory pursuit of more powers, stricter regulation, and higher capital without showing that those powers strengthened the system to prevent numerous failures, the latest the Silicon Valley Bank failure. She promoted regulatory tailoring saying a \$150 billion bank should not be subject to the same regulation as a \$3 trillion bank. She asked nominee Gould to comment. In response he said "common sense tailoring" should be part of supervision. She then asked nominee Pettit in his role of overseeing bank policy, will he commit to regular communication with (the) Community Bank sector to ensure that the rules that are going to be considered are taking a look at their unique business model? She stated: "Now, what is the actual enforcement mechanism? What is this going to cost? How is this going to affect them and their relationship banking? Will you commit to looking at that before moving forward?" Nominee Pettit answered in the affirmative.

The challenge for mutuals, as always, is to elevate their profile with their representatives directly and assure they recognize that while mutuals are community banks they have special concerns community banks that are stock form do not share. Mutual issues are not necessarily community bank issues political support for tailoring and community banks needs to translate into mutual bank support. Capital, governance, professional depositors etc. all are non-stock community bank issues that mutuals need relief resolving now.

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