



MUTUAL ALERT

Secretary Bessent Promises Relief for Community Banking in ABA Speech

Today, Secretary of the Treasury, Scott Bessent, delivered an address at the American Bankers Association Convention, focusing on the pivotal role of community banking in the U.S. financial ecosystem. His remarks were the strongest yet from the Administration in support of community banking. He underscored several key themes and initiatives that are set to shape the Trump Administration's vision for the future of community banking. While his remarks were not specifically directed to mutuals, he endorsed principles that promise serious reforms that will enhance the mutual charter. It was music to the ears of the predominately community bank executive audience.

Key Highlights:

1. **Economic Resilience and Community Banks:** Secretary Bessent emphasized the integral role community banks play in fostering economic resilience, particularly in rural and underserved areas. He highlighted their unique ability to provide personalized financial services and support local businesses, which are crucial for economic stability and growth.
2. **Regulatory Reforms for Main Street Banks:** Addressing the regulatory landscape, Secretary Bessent announced forthcoming reforms aimed at reducing the compliance burden on community banks. These reforms are designed to streamline regulatory requirements without compromising the safety and soundness of the financial system. He strongly endorsed tailored supervisory practices and elimination of unnecessary and burdensome policies and regulations. His goal is to enable community banks to allocate more resources towards customer service and local economic development. He referenced the need for revised capital requirements driven by America's needs not Europe's. He said Wall Street has thrived for years, it's time for Main Street to thrive through reinvigorated community banking. All banks need the chance to succeed not just mega banks. He emphasized that small banks know their customers' needs better than any regulator in Washington.
3. **Technological Innovation:** In his speech, Secretary Bessent acknowledged the challenges and opportunities presented by technological advancements. He encouraged community banks to embrace digital transformation to enhance their service offerings and improve operational efficiency. The Treasury Department plans to support these efforts through grants and technical assistance programs.
4. **Financial Inclusion:** A significant portion of Secretary Bessent's remarks focused on financial inclusion. He praised community banks for their efforts in providing access to financial services for underserved populations. The Secretary announced new initiatives aimed at expanding these

efforts, including partnerships with fintech companies to develop innovative solutions for reaching unbanked and underbanked communities.

5. **Collaboration with Federal Agencies:** Finally, Secretary Bessent highlighted the importance of collaboration between community banks and federal agencies. He assured the audience that the Treasury Department is committed to working closely with the ABA and other stakeholders to ensure that community banks continue to thrive and serve their communities effectively. His remarks hinted at stronger involvement for Treasury in banking agency policies and practices.

Conclusion:

Secretary Bessent's remarks reaffirm the critical role of community banks in the U.S. financial system. His vision for the future includes tailored polices and rules, a supportive regulatory environment, technological innovation, enhanced financial inclusion, and a commitment to sustainability. These initiatives are poised to strengthen community banks and ensure they remain a cornerstone of local economies. The window of opportunity for capital relief for mutuals, lessened supervisory burdens and leveling the regulatory playing field is open.

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