



AMERICA'S MUTUAL BANKS

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MUTUAL ALERT

VICE CHAIRMAN BOWMAN TESTIFIES ON CAPITAL OPTIONS FOR MUTUALS BEFORE THE SENATE BANKING COMMITTEE

The Senate Banking, Housing and Urban Affairs Committee held hearings last Wednesday, February 26th, on prudential regulation. Comptroller of the Currency Jonathan Gould; Federal Reserve Board Vice Chair Michelle Bowman; Federal Deposit Insurance Corporation Chairman Travis Hill; National Credit Union Administration Chairman Kyle Hauptman all testified.

The agency heads all supported tailored regulation criticizing requirements which treat small and large banks alike. Each of them spoke to the need to reduce regulatory burdens on community banks citing various projects that have been completed or are underway to do so. Fed Vice Chair for Supervision Miki Bowman was particularly focused on community banks. Her comments manifested the continuing efforts by AMB to alert her to the problems mutual banks face with one size fits all regulatory policies and regulation. She stated with a specific reference to mutuals:

I support Congress' efforts to reduce burden on community banks, including increasing static and outdated on statutory thresholds that have not been updated for years, the Fed is taking actions to support community banks. Together with the FDIC and OCC we recently proposed changes to the Community Bank leverage ratio to provide greater flexibility while preserving strong capital and safety and soundness, and we released new capital options for mutual banks.

The Republicans on the committee had some questions about the GENUIS Act and deposit flight. The Democrat members raised concerns about the reduction in staff at the CFPB and the withdrawal of the most recent CRA regulatory changes after an adverse court finding. There was also a question on a post-mortem on the failure of Silicon Valley Bank. For the most part the Democrat members focused their questions on Comptroller Gould peppering him with concerns over recent press reports that the President or his family held an ownership interest in a proposed de novo national bank. His responses were suitably guarded notwithstanding attempts to obtain admissions that the application presented serious problems.

In sum, the hearing demonstrated the divisions along party lines, with the Republicans addressing systemic regulatory issues while the Democrats seemed more focused on highlighting the involvement of President Trump with middle eastern investors with the pending de novo.

The major takeaway was that community banks and mutuals have strong supporters in the Administration. We will work to bolster that support. We will continue to monitor developments as they occur and will keep you apprised. We also urge you to make yourself available for meetings with Congressional Committee and agency heads when that opportunity arises.

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