**Crapo Statement at Economic Growth Hearing**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks at a hearing entitled: “Fostering Economic Growth: The Role of Financial Institutions in Local Communities: Midsized, Regional, and Large Institution Perspective.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Last week, we received testimony on the role financial institutions play in fostering economic growth in local communities.

“The hearing focused on community lenders, and we heard about the need for additional tailoring, the increasing cost of compliance, and common-sense reforms to rules such as QM, TRID, HMDA and Volcker.

“Today, we will hear about the regulatory framework that midsize banks, regional banks, and larger financial institutions face.

“Midsize and regional banks are often subject to costly post-crisis rules designed for the most systemically important banks.

“Many of these rules are applied based on asset thresholds that do not reflect the underlying systemic risk of financial institutions.

“While the size of a bank is one factor in measuring systemic importance, there are many other aspects of an institution that are relevant to how difficult the company would be to resolve, and how consequential its distress or failure would be to financial markets.

“The result is a regulatory regime that is insufficiently tailored for many of the firms subject to it.

“For example - stress testing.  Former Fed Governor Tarullo is among those who have stated that the $10 billion threshold for company-run stress tests is too low.

“Additionally, CCAR is a very costly, time-consuming process that is overly burdensome, especially for noncomplex regional banks.

“Another example is the Volcker Rule, which has proven far too complicated to implement and incredibly difficult to comply with.

“One of my key priorities this Congress is passing bipartisan legislation to improve the bank regulatory framework and stimulate economic growth.

“In March, Ranking Member Brown and I began our process to receive and consider proposals to help foster economic growth, and I appreciate all the valuable insights and recommendations we have received.

“Also in March, the Federal banking agencies issued their EGRPRA report to Congress with their recommendations.

“Earlier this week, the Treasury Department issued the first of its reports examining how best to improve our regulatory framework.

“The report focused on banks and credit unions, and provided a substantial number of helpful regulatory and legislative suggestions corresponding to the President’s Executive Order on core principles for regulating the financial system.

“I commend Secretary Mnuchin and his staff at Treasury for all the work that went into this report, and for the thoughtful recommendations they have provided.

“I am particularly encouraged by a number of specific recommendations for midsized and regional banks, including: changing the $50 billion SIFI threshold; exempting midsize banks from company run stress tests; exempting banks without significant trading activity from the proprietary trading prohibition of the Volcker Rule; and improving the transparency and process of CCAR and living wills.

“With the hundreds of recommendations we received through our economic growth submission process, the testimony we are receiving at hearings, the EGRPRA Report, and this Treasury Report, this Committee has no shortage of ideas to consider as we work to improve our regulatory framework.

“As this process continues, I look forward to working with all members of the Committee from both sides of the aisle to bring strong, robust bipartisan legislation forward.”

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