THE HILL

Banking on bipartisanship to strengthen economic growth

BY ROB NICHOLS, OPINION CONTRIBUTOR — 03/05/18 09:00 AM EST

This week, the Senate could do something we haven't seen in the nation's capital in a long time. The Senate will have the chance to show that bipartisanship is alive and well, and that Congress can get things done for the American people when lawmakers of good faith work together for the common good. It just may be a road map for the future.

What could possibly convince 13 Republicans, 12 Democrats and one Independent to break from the politics of partisanship? The answer could surprise you. They all agree the time is right to make our financial rules work better, so banks and credit unions can fully serve the American people and grow the U.S. economy.

The 26 senators are all cosponsors of S. 2155, a financial regulatory reform bill that will refine the post-crisis regulatory response. The bill is the byproduct of years of hearings, input from hundreds of stakeholders and careful negotiations between senators of different parties who refused to let a serious problem go unresolved.

They looked at the rules put in place in the wake of the financial crisis and concluded they weren't all working as intended. As the president and CEO of the only group that represents every size and kind of bank, I welcome the cooperation and believe it marks a long overdue return to the tradition of bipartisan banking policy in Washington.

Under the leadership of the Senate Banking Committee Chairman Mike Crapo (R-Idaho), working with Jon Tester (D-Mont.), Mark Warner (D-Va.), Heidi Heitkamp (D-N.D.) and Joe Donnelly (D-Ind.), the group drafted a bill that makes common sense changes that will allow financial institutions to better serve their customers and communities, while maintaining safety and soundness and important consumer protections.

Far from being a "rollback" of the Dodd-Frank Act that some critics in the Senate are claiming, the legislation makes targeted, surgical reforms. For example, the bill will give more creditworthy borrowers the chance to get the mortgage they need to buy a home. It will allow more small business owners to get the loans they require to grow and hire more workers.

Midsize and community banks will be spared from having to comply with rules originally intended for more complex institutions. Crucially, regulators responsible for enforcing Dodd-Frank, including Federal Reserve Chairman Jay Powell, have voiced support for many of the changes in the legislation.

S. 2155 is far from perfect. It still relies too heavily on arbitrary asset thresholds in setting regulations instead of fully tailoring rules based on a bank's risk profile and business model as regulators have recommended. These asset thresholds have no rational connection to systemic risk, and in fact they create artificial and arbitrary barriers to growth, which is not the signal we want to send to job creators.

But at a time when Washington can't agree on much of anything, this bill represents the kind of balanced, bipartisan collaboration that Americans elected members of Congress to produce. It's a sensible first step towards right-sizing rules that are holding the economy back from achieving its full potential. We hope more will follow.

With so many Democrats and Republicans supporting this bill, it stands an excellent chance of passing the Senate this week. When that happens, it will need to be reconciled with similar proposals in the House, but the prospects for this reform package eventually becoming law are good.

Every American should urge the Senate this week to back this bill and deliver a victory for people over politics. We have so many challenges ahead. If bipartisanship can tackle much-needed changes to our financial system, then there's no reason Congress can't tackle other tough issues in the same way.

Rob Nichols is president and CEO of the American Bankers Association.