THE HILL

It's time to provide relief for banks that help local communities thrive

BY BOB JONES, OPINION CONTRIBUTOR — 12/05/17 07:20 AM EST

The financial crisis that gripped our nation in 2008 was catastrophic for countless families and businesses. It was also incredibly complex – from the high-risk financial products that even those in the financial industry didn't fully understand, to the interplay of the many market actors who played a role in the meltdown, including certain banks, credit rating agencies, mortgage brokers, sellers of mortgage backed securities, regulators, and buyers and speculators.

Given this complexity, responding to the crisis required precise, targeted and nuanced policy remedies. While any reasonable analysis must conclude that the Dodd-Frank Act (the DFA) has helped make the banking system safer and has acted as a bulwark against a repeat of 2008, this eight-year-old law is not without its defects.

Foremost among these is the DFA's reliance on arbitrary asset thresholds to differentiate among banking organizations, rather than focusing on the activities and business models that were the true cause of the 2008 crisis. Stated another way, the DFA fails to differentiate between "Main Street" banks and "Wall Street" banks.

This failure, and the resulting, cumulative impact of the resulting regulations and costs imposed on traditional commercial banks in the wake of the crisis, are impairing those institutions whose core mission is to take deposits and provide credit to support economic and job growth.

To be clear, Wall Street banks play a very important role in our economy. They offer an array of financial products and services; they underwrite stock and bond offerings; they facilitate mergers and acquisitions; and they serve large international corporations that power the global economy.

And yet virtually all of the other banks that do business in U.S., including the mid-size banks that we lead, are fundamentally different in terms of business model, practices and geographic scope. The needs of an international corporate borrower are very different from the needs of America's smaller businesses and rural markets.

Mid-size banks exist to meet the credit needs of medium-size companies, small businesses and households in smaller and rural communities. Mid-size banks' success is defined by the creation of new businesses and jobs. When smaller communities and businesses in states like Connecticut, Indiana, Louisiana, Michigan and Tennessee succeed, mid-size banks succeed.

It is high time to remove the unnecessary regulatory shackles that prevent our banks from doing what they do best. Left on its current course, the existing regulatory regime will continue to limit the contribution of mid-size banks and encourage consolidation and growth among larger banks, to the potential detriment of regional and local communities.

Recently, 20 U.S. senators, under Chairman Mike Crapo's (R-Idaho) leadership, took an important and ambitious step in co-sponsoring *The Economic Growth, Regulatory Relief and Consumer Protection Act*, legislation that would substantially reduce and revamp numerous rules that harm small, mid-size and regional banks, as well as the millions of clients, households, businesses and communities we serve. This week, this legislation is scheduled to come before the Senate Banking Committee.

We urge the Senate to pass this bill, which we believe will help unleash the full potential of our nation's mid-size banks to promote durable and lasting economic growth and the new jobs that come with it. With Congress's help, America's mid-size banks stand ready, willing, and uniquely able to do their part in revitalizing our "Main Street" economy.

Jones is the chairman of Mid-Size Bank Coalition of America. He has been the Chief Executive Officer of Old National BanCorp. since September 2004 and has been its Chairman since May 2016. Old National Bancorp is the largest financial services holding company headquartered in Indiana. Today, Old National's footprint includes Indiana, Kentucky, Michigan, Minnesota and Wisconsin.