March 5, 2018

Chairman Mike Crapo
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Ranking Member Sherrod Brown
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The undersigned banks are writing to express our appreciation and support for S. 2155, the Economic Growth, Regulatory Relief and Consumer Protection Act. Bipartisan cooperation and compromise has led to the creation of legislation that would make sensible and incremental changes to existing regulation, support the extension of credit and spur economic activity across America. We encourage the Senate to act expeditiously to pass this bill.

Regional and traditional banks have advocated for modifications to the systemic risk threshold that recognize our straight-forward business models, including a reliance on stable deposit funding and a focus on small and mid-size firms in the communities that we serve. Our banks operate in 50 states and are responsible for more than $1.7 trillion in lending. This bipartisan legislation is a common-sense approach that maintains regulatory authority but makes reasonable changes that allow traditional lenders to better meet the credit needs of the people and businesses in our rural and urban markets. We are ready to meet the needs of our customers and help to build businesses and create jobs.

Our banks do not threaten U.S. financial market stability, and we should not be subjected to the same regulatory regime as larger banks with more complex and interconnected business models.

Current and former Federal Reserve officials, including Janet Yellen and Daniel Tarullo, have said they support raising the $50 billion systemic risk threshold, a point emphasized by the Office of Financial Research's own systemic risk calculations. Many of the bill's opponents, like The Volcker Alliance and The Systemic Risk Council, agree that the $50 billion threshold should be reconsidered but argue that the legislation goes too far. We disagree. The current asset threshold captures many institutions that are not systemic. This fact has been clearly and repeatedly demonstrated through systemic risk analyses conducted by the Federal Reserve. Pursuant to existing regulations, the Federal Reserve considers a wide range of factors to determine whether financial institutions pose systemic risks. After every test it has conducted, the Federal Reserve has found that none of our banks pose systemic risk.

While we believe that the best solution is to remove an arbitrary test and replace it with the Federal Reserve's business model review, we appreciate the significant change proposed in S. 2155 that better matches regulations to a firm's risk profile. The bill changes the threshold while still allowing banking regulators to retain their existing regulatory authorities should they identify systemic risk in a particular institution. Indeed, the Federal Reserve would have broader discretion under the Senate proposal than under current law to designate bank holding companies between $100 billion and $250 billion in assets, and all banks over $100 billion would continue to be subject to a supervisory stress test.

Regional and traditional lenders and our communities have been disadvantaged by a regulatory model that lumps us together with the largest, most complex banks. Since Dodd-Frank, the largest banks have gained deposit market share while regional banks have struggled to meet the constraints imposed by a systemic risk designation. In short, the Dodd-Frank systemic risk rules have hampered regional banks' efforts to serve our core small and mid-size commercial customers. For each dollar deposited, our banks are three times more likely to make a commercial loan than a globally systemic bank. Yet, a study by finance professors at Texas A&M and the University of South Carolina found that regional bank lending fell 10% below expectations as a result of Dodd-Frank rules and the decline was even greater in small business lending (13% fewer loans of less than $100,000 and 18% fewer loans between $100,000 and $250,000). This slowed economic growth in individual states and across the nation. The study, for example, estimated that Ohio's state GDP could have grown more than $11 billion each year and might have added 99,000 new jobs annually.

Thank you for your leadership and consideration of the positive impact that regional and traditional institutions have in improving the quality of life in our rural and urban communities. We urge you to act to fine-tune the regulatory regime to ensure that banks which pose no systemic risk to the financial system are able to focus on our investments that drive economic opportunity for American businesses and consumers. S. 2155 accomplishes that goal and we urge its immediate passage.

Sincerely,

Ally Financial
American Express
Bank of the West
BBVA Compass
BMO Financial Corp.
Citizens Bank
Comerica Bank
Fifth Third Bancorp
Huntington
KeyCorp
M&T Bank Corporation
Regions Bank
SunTrust Banks, Inc.

CC: Members of the Senate Banking Committee and S. 2155 co-sponsors