Regional Bank Coalition

November 2, 2015

Chairman Jeb Hensarling
Financial Services Committee
2129 Rayburn HOB
Washington, DC 20515

Ranking Member Maxine Waters
Financial Services Committee
2129 Rayburn HOB
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

We support the Systemic Risk Designation Improvement Act of 2015, bipartisan legislation that would more closely correlate the regulation of financial institutions based on the actual potential systemic risk a bank poses to the financial system rather than arbitrary asset size.

The legislation would replace the automatic and arbitrary $50 billion total asset threshold currently used to designate banks as systemically important with a multi-factored test already used by the regulatory agencies for other purposes. This test measures the actual potential systemic risk a specific bank presents, considering critical criteria – complexity, global activity, size, interconnectedness, and substitutability – that are widely accepted among regulators and academics. These criteria provide a more appropriate and nuanced indication of whether a bank is systemically important than the $50 billion total asset threshold currently mandated under the Dodd-Frank Act.

Our banks reflect a simple, traditional banking business model: taking deposits and making loans to help customers achieve their financial goals. Part of what sets regional banks apart is an emphasis on vital commercial and industrial lending to small- and medium-sized businesses. Accordingly, the Systemic Risk Designation Improvement Act would free up capital for regional banks to lend to consumers, businesses and municipalities in local markets across the country.

About twenty banks fit the regional description. We operate in all 50 states and provide more than $1.7 trillion in annual lending in local communities. Regional banks hold one-quarter of U.S. banking deposits and employ more than 430,000 people in more than 23,000 banking offices throughout the country.

Studies by the U.S. Department of Treasury show that regional banks pose no systemic threat to the financial system. A Federal Financial Advisors economic study earlier this year detailed that a revision of the systemic risk threshold to base regulation on risk instead of an arbitrary asset number could increase lending to consumers and businesses by as much as $14 to $20 billion.

With the Systemic Risk Designation Improvement Act of 2015, your committee has an opportunity to adjust policy to correlate regulation to risk. We support the bill as a tailored, balanced regulatory approach that acknowledges that risk is not measured by asset size alone, but instead accounts for the diversity, resilience, and utility of different banking sectors. We hope that your committee and the Congress more broadly will act to improve the manner in which banks are designated as systemically important and allow regional banks to increase lending.

Capital One
McLean, VA

PNC Bank
Pittsburgh, PA

SunTrust Banks, Inc.
Atlanta, GA

Regions Bank
Birmingham, AL

CIT Bank
Pasadena, CA

BBVA Compass
Birmingham, AL

Fifth Third Bank
Cincinnati, OH

Huntington Bancshares, Inc.
Columbus, OH

US Bancorp
Minneapolis, MN

TD Bank
Cherry Hill, NJ

M&T Bank
Buffalo, NY

American Express
New York, NY

Citizens Bank
Providence, RI

Zions Bancorporation
Salt Lake City, UT

Bank of the West
San Francisco, CA

BB&T
Winston-Salem, NC