February 13, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Paul Ryan
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Charles E. Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

**Re: Regional Bank Perspectives for the 115th United States Congress**

Dear Leader McConnell, Speaker Ryan, Minority Leader Schumer and Minority Leader Pelosi:

We are pleased to congratulate you on your leadership positions and welcome the members of the 115th United States Congress. We look forward to working with all Members of Congress in a bipartisan manner on policies that promote economic growth and job creation.

Our institutions operate as Main Street banks that together play an important role in the U.S. economy. Our traditional retail and commercial bank business models focus on serving the banking and financial services needs of American consumers, small- and mid-size businesses, and state and municipal governments. Our institutions have relatively uncomplicated organizational structures and limited trading, derivatives and foreign operations. Thus, while together we are an important source of credit to American families and businesses, none of our institutions presents the sorts of systemic risk that have rightfully been a key focus of policymakers after the financial crisis. This fact is borne out by the regulator-developed systemic indicator score. The average systemic indicator score of the U.S. banks identified as global systemically important banks (G-SIBs) is nearly eight times greater than the highest score of any of our institutions.[1]

We support appropriately tailored regulations to ensure the safety and soundness of all banks, the stability of the financial system and strong consumer protections. We have consistently promoted this view and appreciate the engagement and support on these matters from many Members of Congress. In this regard, we note and support the comments of Treasury Secretary nominee Steven Mnuchin regarding tailoring of regulations based on a bank's business model and risk profile:

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[1] Allahrakha, et al., Office of Financial Research Brief 15-01, Systemic Importance Indicators for 33 U.S. Bank Holding Companies: An Overview of Recent Data (Feb. 12, 2015), *available at* http://financialresearch.gov/briefs/files/2015-02-12-systemic-importance-indicators-for-us-bank-holding-companies.pdf.

> "I believe in a regulatory framework that is determined by complexity and activity, not simply size. I endorse rethinking regulatory requirements facing large regional banks in order to regulate the banking sector in a more effective manner. In particular, we should examine whether it is appropriate for financial institutions that engage almost exclusively in traditional banking activities with consumers and businesses to be subject to measures intended for our largest and most complex financial institutions."[2]

To date, no one has comprehensively considered the cumulative impact of regulations implemented in the wake of the financial crisis. We believe that now is an appropriate time for the new Congress to conduct a comprehensive review of the numerous regulations that have been put in place by the banking and financial regulatory agencies to identify and address those that have unintended consequences or burdens, apply more broadly than necessary, or unnecessarily impede the flow of credit and services that are critical to U.S. economic growth and job creation. In addition, it is widely acknowledged on both sides of the aisle that significant reforms to the U.S. corporate tax system, including a meaningful reduction in rates, is necessary to promote investment and economic growth in the United States.

We look forward to working in a bipartisan manner with the Congress on these matters and believe that progress can be achieved without compromising safety and soundness, financial stability, consumer protection, or the country's long-term fiscal outlook. Consistent with these priorities, our perspectives on particular areas of focus for this Congress are set forth below.

- *Comprehensive review of regulatory landscape*. Review existing regulations to identify and address those that are based on rudimentary and arbitrary asset thresholds and that do not take into account an institution's business model, risk profile and systemic risk footprint. This effort would include an assessment of the competing capital regimes imposed under Dodd-Frank, Basel III and the CCAR/DFAST processes to determine whether simplification, enhanced tailoring and improved transparency would yield benefits for consumers, the economy, and regulators alike. It also would include a review of recently implemented liquidity rules to ensure that their requirements align with the risk profiles of covered institutions.

- *Eliminate government mandated price controls from the marketplace.* Price controls, passed as part of Dodd-Frank, without the opportunity for meaningful debate in Congress, currently dictate the cost of debit card transactions. These controls are anti-consumer, increasing costs for critical banking services, and anti-competitive, arbitrarily favoring large retailers over banks and credit unions that provide credit to the economy. Congress should immediately return to a free-market structure for these debit pricing agreements in order to ensure that consumers benefit from increased access to lower cost financial services.

- *Require rigorous cost-benefit analyses for all new regulations*. Each new regulation should be subject to a comprehensive, robust cost-benefit analysis that takes into account potential effects on credit availability, capital formation and economic growth, includes realistic

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[2] Senate Finance Committee, Hearing on the Nomination of Steven Mnuchin to be Secretary of the Treasury, Written Responses to Questions for the Record (Jan. 2017), at 59.

projections of implementation and compliance costs, and considers the existence of other regulations in the area (including those adopted by other agencies).

- *Corporate tax reform*. Review and rationalize the U.S. corporate tax structure and rates to boost the competitiveness of U.S. businesses, spur investment in the U.S. economy, and promote job growth.

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We appreciate the opportunity to provide these policy perspectives and look forward to working with the new Congress to ensure that regulatory requirements are thoughtfully tailored to ensure our institutions can continue to play their vital role in enabling economic growth and job creation.

Sincerely,

BANK OF THE WEST
BNP PARIBAS GROUP

Nandita Bakhshi, President and CEO
Bank of the West

BB&T

Kelly S. King, Chairman and CEO
BB&T

BBVA Compass

Onur Genç, CEO
BBVA Compass

BMO Financial Group

Christopher Begy, U.S. Country Head and CEO
BMO Financial Corp.

Capital One

Richard D. Fairbank, Founder, Chairman and CEO
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Citizens Bank

Bruce Van Saun, Chairman and CEO
Citizens Financial Group

Comerica

Ralph W. Babb Jr., Chairman and CEO
Comerica

David W. Nelms, Chairman and CEO
Discover Financial Services

Greg D. Carmichael, President and CEO
Fifth Third Bancorp

Stephen D. Steinour, Chairman, President and CEO
Huntington

Beth E. Mooney, Chairman and CEO
KeyCorp

Robert G. Wilmers, Chairman and CEO
M&T Bank

William S. Demchak, Chairman, President and CEO
The PNC Financial Services Group, Inc.

Grayson Hall, Chairman, President and CEO
Regions Financial Corporation

Scott E. Powell, CEO
Santander US

William H. Rogers Jr., Chairman and CEO
SunTrust

Richard K. Davis, Chairman and CEO
US Bank

Harris H. Simmons, Chairman and CEO
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