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March 20, 2023

The Honorable Mike Rounds
United States Senate
Washington, D.C. 20510

Dear Senator Rounds:

On behalf of community banks across the country, with nearly 50,000 locations, I write to express our support for the TAILOR Act of 2023 (S. 362). Your bill would promote tiered regulation of the banking industry, which is critical to deterring further consolidation and preserving a competitive financial services industry for the benefit of consumers and communities.

A primary challenge facing community banks today is the burden of compliance with regulations intended for larger, more complex, and riskier banks. These “one-size-fits-all” regulations disproportionately burden community banks that don’t have dedicated legal and compliance departments and have smaller asset bases over which to spread compliance costs. Tiered regulation would ensure that rules and regulations are more appropriately calibrated to the size, risk profile, and complexity of a bank.

S. 362 would promote tiered regulation by requiring the federal financial regulatory agencies to tailor rules and regulations based on the risk profile and business model of affected institutions in order to limit the regulatory impact to small banks, including cost, human resource allocation, and other burdens. The opportunity for certain community banks to file a short-form call report in the first and third quarters will allow them to direct more resources to community lending without depriving regulators of the information they need to monitor risk. In addition, the bill includes a seven-year look-back provision, which would sweep in some of the most burdensome regulations on the books, as well as measures to ensure agency accountability. Tailoring or tiering regulations ultimately benefits consumers by promoting a competitive financial services landscape and ensuring that community banks have flexibility to meet their credit needs.

Thank you for introducing S. 362. We look forward to working with you to advance this important legislation.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

The Nation’s Voice for Community Banks.®

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