

FDIC Special Assessment. ICBA is supporting the FDIC proposal to exempt community banks with uninsured deposits of less than \$5 billion from a special assessment triggered by the failures of Silicon Valley Bank and Signature Bank. We estimate the ICBA-advocated carveout will save community banks approximately \$2.8 billion over two years.

- » ICBA is encouraging community bankers to submit comment letters in support of the proposal by the due date of July 21.

Differentiating Community Banks. ICBA has led a media and advocacy campaign to reassure community-bank customers that their deposits are safe in the wake of high-profile, large-bank mismanagement, failures, and rescues. Community banks have demonstrated resiliency despite broad based market uncertainties and remain sources of strength for their communities.

- » ICBA is pressing policymakers to ensure any new policy responses, including higher capital requirements, follow the FDIC's precedent in tailoring laws and regulations to ensure community banks are not harmed by efforts to rein in large-bank risk.

Congressional Challenge to 1071 Rule. ICBA is supporting resolutions in the House and Senate (H.J.Res.66 and S.J.Res.32) that would use the Congressional Review Act to nullify the CFPB's final rule under Dodd-Frank Section 1071. While the resolution would face a presidential veto, should it pass the Congress, it will nevertheless help to highlight and advance community bank concerns with the final rule. In addition, ICBA is urging the Bureau to stay the effective date of the final rule until the Supreme Court rules on the constitutionality of the Bureau's funding structure.

- » ICBA Chairman-elect Lucas White and ICBA banker Troy Peters testified before Congress in March about the unintended consequences of the rule (Links [here](#) and [here](#)).

Durbin Amendment Expansion Legislation. ICBA opposes legislation to create new credit card routing mandates, expanding on the Durbin Amendment's interchange restrictions. While the Credit Card Competition Act (S. 1838 and H.R. 3881) is designed to apply to banks with over \$100 billion in assets, community banks would be forced to subsidize costly systemwide changes that would put customer data at risk.

- » ICBA released polling which shows that a substantial bipartisan majority of voters oppose the Durbin proposal, which could end credit card reward programs.

Climate Risk Regulation. ICBA is opposing proposals under consideration in the Administration, the agencies, and Congress to create new climate-risk mandates. Proposals include stress testing for the impact of weather events on bank-held assets, concentration limits, increased disclosures, and other mandates.

- » ICBA released a white paper titled: "[Climate Change Regulation on Community Banks: Risks of Choking Off Credit to America's Communities.](#)"
- » ICBA has submitted comment letters to the [OCC](#), [FDIC](#), [SEC](#), and [Fed](#), on their climate risk proposals. ICBA led a grassroots campaign and a [joint state community bank association letter](#) on the FDIC draft principles. Additionally, ICBA submitted comments to the NYDFS on a proposed New York state climate risk framework that does not exempt community banks.

Crypto Assets, Decentralized Finance, and CBDC. Unregulated crypto assets, including stablecoins, as well as decentralized finance (DeFi), threaten to disintermediate community banks and heighten risks for the wider economy and must be brought within the regulatory perimeter. ICBA strongly opposes efforts to grant nonbank stablecoin issuers access to the Federal Reserve master account and to license novel nonbank issuers not subject to the same regulation as community banks. ICBA opposes a U.S. CBDC which would compete with community bank deposits needed to fund local lending. ICBA will continue to work with regulators, policymakers, and standards-setting bodies to address serious risks to financial stability, consumer protection, and community bank lending.

- » ICBA has convened a Digital Assets Task Force to examine and deliberate issues related to a proposed CBDC and digital assets.





Support for Agriculture. ICBA is aggressively advocating for rural community bank priorities recommending six key principles for a new Farm Bill, which is set for renewal September 30, 2023. These priorities include higher guaranteed loan limits; robust crop insurance; adequately supporting commodity programs and funding for rural broadband. ICBA strongly opposes further expansion of the Farm Credit System.

Tax Incentives for Community Bank Agriculture and Home Loans. ICBA supports the ACRE Act (H.R. 3139), the successor to the ECORA Act of the last Congress). The Act, which enjoys bipartisan support, would create a tax exclusion for interest on loans secured by agricultural land and residential mortgages in rural communities.

SBA Lending and Nonbank Fintechs. ICBA strongly opposes an SBA final rule that will allow nonbank fintechs to originate 7(a) loans thereby increasing fraud risk and defaults. ICBA is promoting legislation that would modify the SBA rule to address bankers' concerns.

- » An ICBA witness [testified](#) in opposition to the rule before the House Small Business Committee hearing.

Industrial Loan Company Loophole. The industrial loan company (ILC) loophole allows commercial companies to own ILCs and evade holding company supervision. ICBA is promoting bipartisan legislation that would close the ILC loophole, grandfather existing ILCs, and address pending applications.

- » In a victory for ICBA, the “Close the ILC Loophole Act” (H.R. 5912) passed the House Financial Services Committee in June 2022, the first ILC-reform legislation to pass committee since 2007.
- » Similar legislation, the Close the Shadow Banking Loophole Act (S. 5189) was introduced in the Senate in December and ICBA is pressing to ensure ILC-loophole-closing legislation is advanced this Congress.

ICBA Anti-Credit Union “Wake Up” Campaign. The mission of this campaign is to pursue legislative and regulatory changes to address the expansion of credit unions and to draw media and public attention to the industry’s aggressive and abusive exploitation of their tax exemption.

- » ICBA will continue to educate lawmakers of the harm to individual consumers when tax-exempt credit unions acquire tax-paying community banks eroding the tax base.

Clawback of Bank Executive Compensation. In June, the Senate Banking Committee marked up the RECOUP Act, which would permit the FDIC to clawback executive compensation at failed banks for two years prior to the failure, including bonuses and profits from the sale of bank stock.

- » ICBA succeeded in exempting community banks with assets of less than \$10 billion and will work to lessen any impact on community banks as the legislation moves forward.

Overdraft. Congress and the regulators should carefully consider the unintended consequences of any new overdraft restrictions targeting so-called “junk fees,” a gross mischaracterization of the White House and CFPB. Overdraft legislation or regulations should not punish community bank customers by restricting access to services of convenience that meet their account needs.

- » ICBA has surveyed member banks to collect data to counter negative media and demonstrate to policymakers the value of overdraft protection and has conducted a lobbying and grassroots campaign against adverse legislation.

Cannabis Banking. ICBA supports legislation that would create a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses in states where cannabis is legal.

- » ICBA sponsored a Morning Consult poll showing that two-thirds of voters support giving state-legal cannabis businesses access to the banking system.

CRA Modernization. The federal banking agencies have jointly proposed a revised CRA rule that would create new data collection and reporting burdens for many community banks. ICBA is urging the agencies to make a set of recommendations that would ease community bank compliance. A final rule is expected in 2023.

- » An ICBA witness testified before the House Financial Services Committee in July 2022.
- » ICBA submitted a comment letter to the agencies in August 2022.