

Regulatory Changes are Underway

- You Have a Role to Play

by Jeff Thompson, CRCM

Since taking over the Executive Branch in early 2017, the Trump Administration has made a mission of reducing the regulatory burden on several industries, including banking. The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (the Act) was a big step toward that goal.

As you know by now, while the Act was signed by President Trump in May 2018, several of its components cannot go into effect until after the regulatory agencies have had their say. In addition to the Act, the new heads of the agencies are also committed to deregulation and/or regulatory clarification within their own authority.

In another refreshing change from previous years, where we saw regulation and interpretation by fiat and enforcement action, the regulators are returning to the tried and true methodology of Advanced Notices of Proposed Rulemaking (ANPRs) and Notices of Proposed Rulemaking (NPRs) prior to changing the rules of the game. In both instances, the public (which includes you as an individual and your institution as a whole) can provide feedback to the proposed rule changes.

In recent weeks we have seen an ANPR issued by the OCC to modernize the Community Reinvestment Act, an NPR regarding the disclosure of financial information currently required for FDIC-regulated institutions, proposals regarding community bank leverage ratios, a recent joint NPR to raise the appraisal thresholds for residential mortgage transactions, and an inquiry sent out by the regulatory agencies regarding small-dollar lending.

In some of the cases above, the comment period has already closed, but some are still open. We encourage all our bank customers to understand these proposals as they are published, and comment where you believe it is appropriate. Your comments matter, and all comments must be taken into account by the regulatory authorities.

The regulatory agencies have made the comment process easier than it was in the past. In nearly all cases you will be able to comment via the ECFR system, and your comments can be as simple as one sentence if you so choose.

So, in summary, understand all the proposals that are being issued, even if they are not from your regulator, know the deadline for making comments, assign appropriate personnel to the task of commenting if it will be on behalf of your bank, and make sure the comments meet whatever standards your bank has developed for such activity.