



## Regulatory Impact: The Community Bank Perspective

The Independent Community Bankers of America, representing community banks across the nation with nearly 50,000 locations, appreciates the opportunity to provide this statement for the record for today’s hearing: “Politicized Financial Regulation and its Impact on Consumer Credit and Community Development.”

We take this opportunity to express our support for several bills before the committee today.

### **The Rectifying UDAAP Act (H.R. 6789) (Rep. Barr)**

ICBA strongly supports Rep. Barr’s Rectifying UDAAP Act because it would bring much needed clarity and balance to the application of the Consumer Financial Protection Bureau’s UDAAP authority under the Dodd-Frank Act.

The Bureau has repeatedly exceeded its statutory authority under UDAAP and thereby threatened continued safe and secure access to the products and services on which American consumers depend. The Bureau must act with accountability and respect for the limits of its statutory authority. H.R. 6789 would promote such accountability by requiring clear descriptions of acts or practices that are “abusive”; establishing policies and procedures for the imposition of civil penalties, including mitigating factors; mandating cost-benefit analysis of any final rule under UDAAP; and clarifying that the Bureau may not interpret its authority under UDAAP to include discriminatory practices, among other requirements.

Together, these provisions would create a more transparent UDAAP with consistent and predictable application and more effective consumer protection.

### **The Secure Payments Act of 2024 (H.R. 7531) (Rep. Luetkemeyer)**

The ICBA-supported Secure Payments Act would require the Federal Reserve to study the impact of its proposed Regulation II rule, which would reduce interchange fees on debit cards. The study would include a quantitative impact analysis, and the Federal Reserve would be required to consider the results of this analysis before finalizing the proposed rule.

Notably, the proposed rule does not use full and complete data from community banks, ignores its potential impact on fraud controls, and could jeopardize access to low-cost and no-cost banking services in the local communities that community banks serve. A robust, quantitative study and a rule based on the results of that study would do less harm to consumers and communities.

### **The CDFI Fund Transparency Act (H.R. 3161) (Reps. Rose and Petterson)**

ICBA supports H.R. 3161, which would require the Secretary of Treasury (or a designee of the Secretary) to testify before the House Financial Services Committee and Senate Banking Committee on an annual basis regarding the operations of the Fund during the previous year.

H.R. 3161 provides needed oversight and transparency to the Fund, which together with CDFIs, play a critical role in deploying capital to underserved areas.

**Closing**

Thank you for convening today's hearing. The Rectifying UDAAP Act, the Secure Payments Act, and the CDFI Fund Transparency Act will do much to bring clarity and accountability to critical agency rulemakings for their impact on consumers and communities.

We look forward to working with this committee to advance these important bills.