



Texas community banks play a critical role in local economies, supporting small businesses, families, farmers and rural communities. As Congress considers regulatory, deposit insurance and financial innovation policies, it is essential that reforms recognize the diversity of the banking system and avoid one-size-fits-all approaches that disproportionately harm community institutions.

IBAT urges Congress to advance the following priorities:

1 : **Regulatory Fairness, Transparency and Right-Sizing**

Federal prudential regulation and supervision should be tailored to an institution's size, business model, risk profile and complexity.

- Reinstate meaningful tailoring in prudential standards and supervision.
- Increase the consolidated asset threshold that allows well managed, well capitalized banks to qualify for an 18-month exam cycle instead of 12 months, reducing unnecessary burden and allowing exam resources to focus on higher risk institutions.

2 : **Deposit Insurance Reform**

Deposit insurance must protect confidence across the entire banking system - not only for the largest institutions.

- Modernize deposit insurance coverage by adjusting the statutory framework to account for inflation, including periodic adjustments to coverage levels.
- Ensure that community banks under \$10 billion in assets are exempt from special assessments related to coverage increases.
- Address assessment inequities by fully exempting community banks from special assessments tied to systemic risk exceptions and adopting a tiered assessment structure.
- Provide the FDIC with independent authority to implement a temporary TAG-style program during periods of financial instability.
- Reform least cost resolution rules so uninsured depositors at small and midsize banks are not penalized solely due to bank size.

3 : **Brokered Deposits and Liquidity Access**

- Preserve the FDIC's 2020 brokered deposits rule and withdraw the flawed 2024 proposal, which would unnecessarily restrict funding options.
- Support H.R. 6955 (The Main Street Capital Access Act), which expands access to reciprocal and custodial deposits for well capitalized, well managed community banks and keeps local deposits working in local communities.

4 : **Digital Assets and Financial Innovation**

- Ensure banks can responsibly meet customer demand for digital assets, including stablecoins, while managing risk.
- Apply the principle of "same risk, same activity, same regulation" so non-banks offering bank-like products are subject to comparable oversight.
- Do not expand National Trust Charter authorities in ways that undermine the safety, soundness or fairness of the banking sector and the insured depositories' roles therein.

5 : **Access to Capital and Community Bank Growth**

- Increase the Community Bank Leverage Ratio (CBLR) eligibility threshold from \$10 billion to \$15 billion and lower the statutory CBLR range to 6–8%.
- Promote new bank formation by providing capital phase-ins for de novo banks, particularly in rural and underserved areas.

6 : **BSA/AML Modernization**

- Support a risk based AML framework that allows institutions to tailor compliance to their size and risk profile.
- Raise Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) thresholds and index them to inflation, ensuring resources are focused on real financial crime rather than routine community banking activity.

7 : **Interest Rate Caps, Interchange Fees and Small Issuer Protections**

- Oppose any policy to implement a national interest rate cap on credit cards or other extensions of credit as violative of free market principles and credit access for all Texans.
- Apply a cost of living adjustment to the \$10 billion small issuer exemption to prevent inflation from sweeping community banks into interchange fee caps.
- Reject efforts to use interchange policy as a bargaining tool in debates unrelated to community banking.