



Texas community banks play a critical role in local economies, supporting small businesses, families, farmers and rural communities. In 2026, Congress enacted meaningful community bank relief in the 21st Century ROAD to Housing Act, including provisions IBAT urged congressional leadership to preserve. That progress should be built on, not treated as finished. As Congress continues to consider regulatory, deposit insurance and financial innovation policies, reforms must 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.

- Reinstating meaningful tailoring in prudential standards and supervision.
- Build on the ROAD to Housing Act, which raised the asset threshold for extended examination cycles from \$3 billion to \$6 billion, by continuing to expand eligibility so exam resources focus on higher risk institutions.
- Ensure agency guidance is not enforced as though it carried the force of law, and that supervisory expectations are set through notice and comment rulemaking.
- Extend basic procedural protections — cost-benefit analysis, small entity impact review and due process — to community banks that must comply with CFPB rules even when examined by their prudential regulator.

2 : Fraud and Scams Prevention

Community banks are often the last line of defense against fraud — but they should not be the only one.

- Give banks the time and authority to stop a fraudulent payment before the money leaves. Current funds availability rules can force a bank to release funds it already has good reason to suspect.
- Hold the whole ecosystem responsible. Most scams begin on social media platforms and telecommunications networks and end at a bank. Responsibility should be shared across every party in that chain.
- Strengthen protections for older Texans. Community banks are often first to recognize elder financial exploitation; frontline staff should be equipped to intervene and report without fear of liability.
- Improve information sharing among financial institutions and with law enforcement, so fraud identified at one bank can be stopped at the next.

3 : Brokered Deposits and Liquidity Access

- Ensure faithful implementation of the ROAD to Housing Act's deposit provisions — the custodial deposit clarification (Sec. 901) and expanded reciprocal deposit exclusion (Sec. 902), which IBAT urged congressional leadership to preserve through final passage.
- Preserve the FDIC's 2020 brokered deposits rule and oppose renewed efforts to expand brokered deposit classification in ways that unnecessarily restrict funding options.
- Support the Main Street Capital Access Act (H.R. 6955), which passed the House in July 2026 and awaits Senate action, expanding access to reciprocal and custodial deposits and keeping 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.
- Prohibit stablecoin yield and economically equivalent "rewards" structures. A payment instrument that pays a return is a deposit substitute carrying none of the obligations of a deposit, and deposits that leave Texas

community banks stop funding local small business and agricultural lending.

- 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.
- Ensure any open banking framework permits reasonable cost recovery. Community banks build and maintain the data infrastructure third parties use, and should not have to provide that access at no cost.

5 : Access to Capital and Community Bank Growth

- Increase the Community Bank Leverage Ratio (CBLR) eligibility threshold from \$10 billion to \$15 billion. Federal banking agencies lowered the ratio to 8 percent effective July 2026; Congress should provide statutory flexibility to go further.
- Make permanent the de novo relief enacted in the ROAD to Housing Act — streamlined applications (Sec. 907) and a two-year capital phase-in for new charters (Sec. 908) — and ensure it reaches rural and underserved communities.

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 : 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.
- Exempt community banks under \$10 billion in assets from special assessments tied to coverage increases and systemic risk exceptions, and adopt 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.

8 : 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.