

**Prepared Remarks for Charles G. Cooper
Chairman, Conference of State Bank Supervisors
Commissioner, Texas Department of Banking
2016 CSBS-Federal Reserve Research Conference on Community Banking
St. Louis, Missouri
September 28, 2016**

Thank you, Julie. Welcome everyone. I am especially pleased to share opening comments with St. Louis Federal Reserve Bank President James Bullard. As our partner in hosting this conference, let me thank those at the Federal Reserve System, including Chairwoman Janet Yellen, who spoke here last year, and Federal Reserve Governor Jay Powell, who is speaking to us tomorrow.

There is a lot of work in organizing this conference. I would like to thank the staff at the Federal Reserve Bank of St. Louis, especially my friend, Julie Stackhouse, along with Jim Fuchs. And the fine staff at CSBS including Mike Stevens, better known as the King of Surveys.

This is our fourth annual conference. How many are here for the first time? How many have been here for all four of the conferences? Looks like a healthy mix.

This conference certainly has made an impact. Community banking has been so important in this country, but why it is important really had not be quantified. We have been losing community banks on nearly a daily basis, but the reasons for this really had not been studied objectively.

Four years ago, this conference began to study these issues. I am so pleased that, today, the discussion in Washington is less about whether or not community banks should receive regulatory relief, but about how to provide this relief. This conference has played a key role in the evolution of this public debate.

At prior conferences, research found that community banks were suffering from overly restrictive mortgage regulation. And Congress responded with greater latitude for smaller institutions, especially those who serve rural and underserved areas.

The high cost of regulation, especially in compliance, was another key research finding a couple years ago. And Congress responded by reducing the burden of privacy notices and allowing more community banks to be eligible for longer, 18-month examination cycles.

Even having a voice at the highest levels was an important request. And today, at least one member of the Federal Reserve Board must have experience in community banking or state supervision. Other areas of improvement in the regulatory structure for community banks have been explored.

Not every piece of research has involved regulation. Many fine research papers have looked at various business models for community banking and how these banks can become more competitive and effective in serving their communities. And, in part because of the awareness this conference has

created around best practices, we now see rapid adoption by community banks of mobile and related technologies.

I could go on and on. But the common thread to this research conference is that we have identified areas for improvements – be it through Congress, regulators or banks themselves – and we have seen tangible action take place.

As you will see from the presentations today and tomorrow, as well as from our reports, we are not finished. There are still many opportunities for improvement, and these have to happen. Community banking in this country is so important. We have to find ways for the regulatory system to make it easier, not harder, for community banks to do what they do best: to serve their communities.

That is why I am proud to represent CSBS this year, and co-host this fine conference with the Federal Reserve. We have a great program for you. So let us learn. Let us discuss. But above all else, let us make things happen.

President Bullard, thank you for letting us use your wonderful facility, and we look forward to your comments.

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