[Adjusting Outdated Regulatory Thresholds Helps Community Banks]

BLOG POST

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Static and outdated regulatory thresholds impede a dynamic banking system and can create unnatural barriers that limit a community bank's growth. State supervisors consistently have called on federal policymakers – whether before Congress or the federal regulatory agencies – to update rules and supervisory approaches to account for economic growth and changes in the banking industry.

This week, CSBS stated in a letter to the FDIC that its proposal to raise and index several outdated regulatory thresholds is a welcomed step in the right direction. For example, the FDIC is making long overdue changes to its Federal Deposit Insurance Corporation Improvement Act regulations – raising asset thresholds that trigger compliance with independent audit committee and internal control assessment requirements. Those thresholds were set in 1993 and 2005, respectively, and have not been updated to reflect changes in the banking industry over the intervening decades.

CSBS supports additional efforts to appropriately tailor federal bank regulation and supervision to foster community banking and economic growth in the communities they serve.

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