Statement of

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At the Interagency Outreach Meeting on

The Economic Growth and Regulatory Paperwork Reduction Act

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I'd like to thank all of you for being here today for this first in a series of outreach meetings on the Economic Growth and Regulatory Paperwork Reduction Act, or EGRPRA, which is intended to help us identify outdated or unnecessary regulations. We are working on an interagency basis, as well as through the offices of the Federal Financial Institutions Examination Council, or FFIEC, which brings together the banking agencies, the National Credit Union Administration, and the state supervisory agencies.

Since April of 2013, I've had the privilege of chairing the FFIEC, and I'm especially pleased that I held this position at the onset of this process. We are increasingly using the FFIEC to provide support to community banks, particularly in resource-intensive areas like cybersecurity, and so I think it's fitting that this interagency body is playing a role in this process, which is so important to our nation's community banks and thrifts.

Community banks and thrifts don't have the same kind of resources that large institutions can bring to bear on regulatory compliance, and each unnecessary rule we eliminate or streamline makes it that much easier for them to serve the economic needs of their communities. With this in mind, we expect to have an outreach meeting in 2015 that will focus on rural banks so that we can hear first-hand about their concerns and their ideas for reducing unnecessary regulatory burden in that segment of the community bank sphere.

Of course, it's true that regulations by their nature carry at least some burden. Most provide public benefits that outweigh the burden they impose. But what worries me is the way that the regulatory rulebook builds up over time, adding layer after layer of requirements that can be quite onerous for small banks. So, we at the OCC are taking this process very seriously, including today's sessions. I'm very interested in hearing from the panelists and members of the audience about specific regulations that are either outdated, unnecessary, or needlessly burdensome and ideas for areas of improvement.

If you don't get a chance to speak today, I would encourage you to submit a written comment. You can use one of the comment forms we have here, or you can respond to one of the upcoming *Federal Register* notices. We will consider carefully all of the comments received today, and a summary will be published on the Regulations.gov Web site and will be included in our report to Congress.

However, I can promise you that we at the OCC will not wait until the end of the EGRPRA process to make changes when a solid case has been made for reform. If it is clear that a regulation is unduly burdensome, and if we have authority to make changes to eliminate that burden, we will act. Many regulatory requirements are rooted in laws passed by Congress, though, and changes may require legislative action. In those cases, we will work with Congress to remove unnecessary burdens.

At the OCC, we have three specific proposals to eliminate regulatory burden that we've discussed with lawmakers, and we are hopeful that Congress will act on them in the next legislative session.

First, as Toney Bland, our head of Midsize and Community Bank Supervision program, said in Senate testimony this fall, we think a greater number of healthy, well-managed community institutions ought to qualify for the 18-month examination cycle. By raising the asset threshold from $500 million to $750 million, 300 additional banks and thrifts would qualify. That would not only reduce the burden on those well-managed institutions, it would allow the federal banking agencies to focus our supervisory resources on those banks and thrifts that may present capital, managerial, or other issues of supervisory concern.

Another idea that we think is ripe for congressional action is a community bank exemption from the Volcker Rule, as Federal Reserve Board Governor Daniel Tarullo suggested at a Congressional hearing this year. We don't believe it is necessary to include smaller institutions under the Volcker Rule in order to realize Congressional intent, and we recommend exempting banks and thrifts with less than $10 billion in assets.

The final proposal that we developed would provide federal savings associations with greater flexibility to expand their business model without changing their governance structure. It's important that federal savings associations, like other businesses, have the flexibility to adapt to changing economic and business environments in order to meet the needs of their communities, and they shouldn't have to bear the expense of changing charters in order to do so. We recommend authorizing a basic set of powers that both federal savings associations and national banks can exercise, regardless of their charter, so that savings associations can change business strategy without moving to a different charter.

I think these are meaningful steps which could help a great number of smaller institutions. But we have much work ahead of us. I can tell you, though, that all of us here are committed to making this process work and to doing everything possible to eliminate unnecessary regulatory burden.

Thank you all for being with us today. I look forward to hearing from you.