



Important Call to Action

All Bankers Needed on Regulatory Reform Proposal

July 1, 2009 – As we have reported, President Obama is pushing his Administration's sweeping reform proposal to overhaul the financial services industry. While there are several provisions in the proposal that are necessary, there are two major provisions that raise considerable concern – the creation of a new Consumer Financial Protection Agency and the elimination of the thrift charter. Read the [proposed legislation](#) to create a new Consumer Financial Protection Agency and a [section-by-section summary](#) of the bill prepared by the Administration.

This new Agency would have unprecedented authority over the products and services offered by banks. Among numerous other provisions, it would have the authority to mandate that banks offer specific "plain vanilla" products designed by the government, regardless of consumer needs or demands. It also would have rulemaking authority, supervision and enforcement authority over virtually all consumer credit activities, including the authority to impose restrictions on product terms and practices, to control disclosures and other forms of communications, and even to increase enforcement of fair lending laws, such as the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA).

While effective consumer protection is critical, the IBA and the American Bankers Association (ABA) believe that the creation of another layer of bureaucracy on an already highly regulated traditional banking industry is the absolute wrong approach to address the cause of the financial crisis. Creating overlapping regulatory oversight would have tremendous unintended consequences on the banking industry. It would affect bank regulators' ability to ensure that banks operate in a safe and sound manner, impose conflicting requirements and uncertainty, substantially increase costs on traditional banks and, ultimately, reduce customer choice.

The IBA and ABA also believe that eliminating the thrift charter is unnecessary and would have a negative impact on the communities and the institutions that specialize in serving the home mortgage market at a time when their experience is needed the most. Potential borrowers also will be harmed by having fewer options and alternatives that have been available to them for many years.

The U.S. House Financial Services Committee is expected to markup the legislation in July. Before then, it is critical that **all Illinois bankers** contact their federal legislators to express strong opposition to these two proposals.

The ABA has prepared three sets of talking points that allow bankers to send customized letters through their online grassroots action center. Bankers can oppose the [creation of the Consumer Financial Protection Agency](#), oppose the [elimination of the thrift charter](#), or oppose [both proposals in one letter](#).

The IBA will continue to update you as developments occur. In the meantime, if you have any questions or comments, please contact the IBA at 800-783-2265.

◆ Copyright 2009 Illinois Bankers Association | www.ilbanker.com

SPRINGFIELD | 524 S Second St, Ste 600, Springfield, IL 62701 | T: 800.783.2265 | F: 217.789.5410

CHICAGO | 194 E Delaware Place, Ste 500, Chicago, IL 60611 | T: 800.878.2265 | F: 312.922.0518

Compliance Hotline: 1-800-GO-TO-IBA