Digital Assets

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Issue Update

The digital assets market includes a range of instruments – from speculative and price volatile cryptocurrencies (e.g., bitcoin and ether), to stablecoins backed by a collection of assets (e.g., USDC and USDT), to digital representations of customer bank deposits on a blockchain (tokenized deposits), to central bank digital currencies (CBDC). Stablecoins and CBDCs are covered in separate briefings. As of February 2026, the total value of cryptocurrencies, including stablecoins, stands at around $2.33 Trillion.

The current administration has taken a decidedly positive view of the digital assets market, and it has taken steps to promote the United States as the crypto capital of the world. In January 2025, President Trump issued an Executive Order that among other things established the President's Working Group on Digital Assets Markets. That working group issued a report in July with over 90 recommendations directed at bank regulators, the SEC, CFTC, and Treasury Department. In 2025, bank regulators withdrew several pieces of guidance and interpretive rules that impacted banks' abilities to engage in the digital assets market.

A key issue for Congress has been to pass "market structure" legislation to establish a regulatory framework for cryptocurrencies. In July 2025, the House built on its work from the previous Congress by passing the CLARITY Act. Since then, the Senate, through both the Senate Banking and Agriculture Committees, has drafted its own versions of market structure legislation. These digital assets market structure bills address questions around regulatory jurisdiction, digital asset custody, investor protection, anti-money laundering obligations, and enhanced public-private coordination to counter emerging risks in the digital asset ecosystem, among other topics.

Why It Matters

Despite regulatory and legislative efforts underway, there remains significant regulatory uncertainty in the digital assets market and an uneven application of existing rules. Banks are evaluating ways to safely and responsibly engage in the digital assets markets when it aligns with their customers' needs and their strategies. It is imperative that intermediaries and solution providers in the digital assets market be subject to regulation and supervision that accounts for their activities and risks, in the same way as banks and traditional financial intermediaries. This type of level playing field is necessary to protect consumers and ensure financial stability. Digital asset market structure legislation could stimulate innovation within a secure regulatory environment, but without proper controls lead to potential systemic risks.

Recommended Action Items

Urge Congress to close the regulatory gap left open in the GENIUS Act and expand the prohibition on interest and yield payments to include brokers, dealers, exchanges, and affiliates of payment stablecoin issuers. This is a critical step to mitigate the risk of deposit flight, which would limit bank lending to households and small businesses. Such a prohibition is appropriate

as it supports payment stablecoins to function as innovative payment instruments rather than stores of value.

Urge policymakers to apply "same activity, same risk, same regulation" to digital assets to ensure equal consumer protection, prevent charter arbitrage, and promote financial stability. Applying consistent custody standards, including segregation of client assets, separation of financial activities, and proper control over assets, across all providers to protect consumers, reduce systemic risk, and promote market integrity. Likewise, aligning AML/CFT and sanctions rules across all providers will help combat financial crime and support innovation and integration of digital assets into the financial system.

Urge policymakers to clarify that it is generally permissible for federally supervised banking entities acting in a safe and sound manner to act as dealers in digital assets. Consumers who choose to access these markets are best served when they can do so through fully regulated banks that are subject to rigorous oversight and consumer protection requirements.

STABLECOINS AND DEPOSIT OUTFLOWS:

Implications for Community Banks in Oklahoma



Why It Matters

- Payment stablecoins total roughly $300 billion today and could grow to $1-2 trillion within a decade, potentially representing 5-10% of U.S. bank deposits.
- As stablecoin adoption grows, deposits may move out of the banking system, reducing a key source of funding for loans to households, small businesses, and local communities.
- Community banks are particularly vulnerable because they rely heavily on local deposits to support lending.

The Loophole

- Although the GENIUS Act prohibits payment stablecoin issuers from paying interest, some crypto platforms offer yield on stablecoin holdings.
- These products encourage consumers to move money from bank deposits into stablecoins, accelerating deposit migration from the banking system.
- Closing this loophole through the Clarity Act is critical to help preserve banks' ability to support lending and local economic growth.

Who Could Be Affected?

Small Businesses

Up to **$385M** reduction in lending
loans under $1M

Farmers & Ranchers

Up to **$146.8M** reduction in lending
loans under $500K

Home Construction & Development

Up to **$243.5M** reduction in lending

Agricultural Operations

Up to **$115.1M** reduction in lending
loans under $500K

Commercial Real Estate Projects

Up to **$524.3M** reduction in lending
loans under $1M

The Impact on Oklahoma Communities

Community banks[1] headquartered in Oklahoma:	**169**
Community banks operating in Oklahoma:	**183**
Total deposits held at bank branches in Oklahoma:	**$66 billion**
Potential deposit outflows from Oklahoma banks to payment stablecoins:	**$3.3 billion to $6.6 billion**
Lost lending to Oklahoma households and businesses as a result of deposit outflow:	**Up to $5.30 billion**

1. Banks with total assets of less than $10 billion as of December 31, 2025.

Stablecoin

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Issue Update

On July 18, 2025, the President signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (S. 1582, the GENIUS Act of 2025). The GENIUS Act establishes a regulatory framework for payment stablecoins and marks a key milestone in regulating one part of the cryptocurrency market.

Payment stablecoins, which have grown in aggregate value from about $12 billion in July 2020 to almost $265 billion as of August 2026, are a form of digital asset that is intended to maintain a 1-to-1 peg with a reference asset by holding reserves as collateral. Stablecoins are unique among digital assets in that they mimic commercial bank money. Potential stablecoin use cases include instant payments, cross-border remittances, financial market settlement, programmable money for smart contracts, access to digital dollars for the unbanked, and digital cash management for businesses.

With the GENIUS Act enacted, an extensive rulemaking effort has begun. The Genius Act includes 16 calls for rulemaking, including on critical topics such as capital, liquidity, and risk management; applicability of existing capital standards; BSA and sanctions treatment; and principles for state-level regulatory regimes; among others. Most of the rulemaking is to be carried out by the banking regulators and the Department of the Treasury through a notice and comment process.

In addition, Congress is working on a second piece of crypto legislation, the CLARITY Act. This bill deals with the broader crypto ecosystem, including digital asset exchanges and other intermediaries. Some of these entities offer or plan to offer rewards to payment stablecoin holders, taking advantage of a loophole in the GENIUS Act, which applies a prohibition on interest to payment stablecoin issuers.

Why It Matters

Without strong safeguards, stablecoins risk undermining the banking system by eroding the foundations of credit creation, financial stability, and the separation of banking and commerce. Despite the name, payment stablecoins are likely to function as a store of value, pulling funds away from bank deposits, as well as a means of payments. If stablecoins scale as a store of value, this dynamic could significantly disintermediate banks' core roles in deposit-taking and lending, threatening the broader economy. For this reason, it is essential that digital asset exchanges and other intermediaries be prohibited from paying interest, yield or rewards on payment stablecoin.

Recommended Action Items

Urge Congress and regulators to close gaps that allow stablecoin issuers and other marketplace participants to pay interest and yield on stablecoin balances. Left unaddressed, the current gaps in law create a workaround which results in deposit-like returns outside the banking system, accelerating deposit flight and limiting banks' capacity to lend to households and small businesses.

- Congress should strengthen the GENIUS Act's interest and yield prohibition in the CLARITY Act to prohibit interest-like payments on stablecoin balances or other stores of value across the stablecoin ecosystem.
- Regulators should adopt an implementing standard that bars such payments whether made directly by an issuer or indirectly through affiliates, partners, or fee-sharing structures, and that treats structuring designed to evade the prohibition as a violation of it.

Stablecoin

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Urge regulators to ensure robust and consistently applied regulation, supervision, and enforcement across all payment stablecoin issuers to prevent charter arbitrage, promote financial stability, and protect consumers. Applying consistent oversight to all stablecoin issuers—based on the principle of "same activity, same risk, same regulation"—is essential to maintaining the integrity of the financial services ecosystem. Policymakers should focus on:

- **Interagency coordination and regulatory harmonization:** Payment stablecoins can be regulated by multiple federal and state authorities, and material inconsistencies across those frameworks create direct opportunities for regulatory arbitrage that undermine safety and soundness. Regulators must actively coordinate with peer regulators to ensure that requirements are developed and implemented consistently across jurisdictions and charter forms, so that regulatory differences do not become a competitive variable that drives activity toward less rigorous regimes.
- **Bringing novel entities into the regulatory fold:** Regulators must build a durable prudential architecture for nonbank issuers from the outset, with standardized capital floors, robust liquidity and stress testing requirements, and hard structural guardrails rather than deferring key calibration questions to supervisory discretion or future guidance. Bringing novel entities into the regulatory fold means nonbank PPSIs should face capital, data security, consumer protection, and risk management requirements substantively equivalent to those applied to banks and their subsidiaries not lighter standards justified by novelty or market immaturity.

Deposit Insurance Reform

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Issue Update

The deposit insurance and resolutions framework, which lies at the core of money and banking in the United States is complex, multifaceted and foundational to our financial system and the U.S. economy. Despite its success over the past almost 100 years, the 2023 failures of Silicon Valley Bank and Signature Bank underscored questions about whether the framework is keeping up with the needs of modern depositors.

Today's banks are well capitalized, highly liquid, and well positioned to meet consumers' needs. Yet as banking and the financial services market continue to evolve, policymakers must ensure that related laws and regulations keep pace. The deposit insurance and resolution framework is no exception.

Ultimately, major changes to the deposit insurance system will require congressional approval. ABA will continue to urge lawmakers to carefully consider the broad implications of any changes for the banking industry, bank customers, and the broader economy.

Why It Matters

The questions surrounding deposit insurance are complex, and there are no single "right" answers. The appropriate level of deposit insurance, along with the related cost, regulatory, and supervisory tradeoffs, differs for each bank. In the summer of 2025, ABA put forward ten recommendations for modernizing deposit insurance. The recommendations were developed by an executive-level task force and approved by ABA's Board.

Much of the focus to date has been on coverage amounts. ABA's recommendations promote a comprehensive, empirically based approach to modernization. Deposit insurance coverage limits are only one aspect of the deposit insurance and resolution framework, which also includes the structure and management of the Deposit Insurance Fund, the resolution of failed banks, the FDIC's role in an emergency, and the relationship between deposit insurance, financial stability, and the broader supervision and regulation of banks. A meaningful review of the framework must be comprehensive and consider all these aspects.

Recommended Action Items

- Broaden the considerations used in determining "least cost" to include potential contagion and other adverse effects, including community impact.
- Pre-approve enhanced FDIC coverage to mitigate severe stress events.
- Reverse the TCJA's sliding-scale treatment of FDIC assessment deductibility so that all assessments are tax-deductible.

Bank Secrecy Act Rules Reform

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Issue Update

The administration is prioritizing critical Bank Secrecy Act (BSA) reforms, including implementing the Anti-Money Laundering Act of 2020 (AMLA), the first comprehensive overhaul of BSA laws in over two decades. As part of a suite of reforms, in April, Treasury, the OCC and the FDIC proposed important reforms to BSA program rules. If adopted, these changes would accomplish longstanding reform objectives to reduce check-the-box compliance requirements, allowing banks to focus on real threats —including the $195 billion Americans may lose annually to fraud, and the trillion-dollar fentanyl crisis.

Why It Matters

BSA Program Rule Reform. The reform proposals would explicitly allow banks to reallocate compliance resources away from low-risk areas and direct them to high-risk areas to focus on real threats, create a new floor for civil enforcement actions and significant supervisory actions, while eliminating unnecessary paperwork and box-checking. Express support for the changes we are proposing to effectively complete this relief.

Customer Due Diligence (CDD) Rule Reform. Now that FinCEN understands banks open between 140-160 million new accounts each year, rather than one account per company, FinCEN issued exceptive relief in February 2026, which allows banks to collect beneficial ownership information on a "per customer" basis, and update it on a risk basis, as needed. Express support for FinCEN to incorporate this exceptive relief reform into rule.

Beneficial Ownership Rule Reform. FinCEN exempted 33 million U.S. small businesses from beneficial ownership reporting requirements, limiting it to 12,000 foreign businesses. FinCEN should implement additional changes ABA proposed to complete this reform.

Reports Required Under the BSA. Cash is still king and over 20 million Currency Transaction Reports (CTRs) —1 for every 16 Americans— are filed annually, five times more than reports of suspicious activity (SARs). Over a third of banks' SARs are structuring SARs, and other less-valuable reports. FinCEN must modernize the CTR rule and form to limit it to information essential to law enforcement, while easing burden on banks, including by raising the CTR threshold to at least $30,000. Likewise, state-licensed cannabis businesses —now operating under a federal safe harbor—should not require ongoing SAR reporting. The SAR and CTR forms are full of boxes, unread by law enforcement —but that pose compliance traps for banks. Eliminate these boxes, reduce CTR burden, and focus on suspicious activity.

Feedback. Typically, when a bank submits a SAR to FinCEN, the bank hears nothing more. Banks should receive financial transaction typologies to screen for, and consistently receive updated information on evolving law enforcement priorities specific to the areas they serve.

Recommended Action Item

Express thanks for the important reforms so far, and support the remaining regulatory improvements, providing examples of how the outdated rules divert you from protecting your customers and the U.S. financial system from real threats.

Cannabis Banking

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Issue Update

The legal landscape regarding marijuana and hemp is rapidly changing, and legal uncertainty has kept many of these proceeds out of the banking system. All but two states, Kansas and Idaho, have legalized cannabis in some form for medical purposes. Approximately half of states have approved cannabis for recreational, or adult use. After the President's Executive Order 14370 last December, on April 22, 2026, the Justice Department rescheduled *state-licensed medical marijuana* from a Schedule I to a Schedule III substance under the Controlled Substances Act. This April DOJ order also initiated a new process to consider rescheduling marijuana more broadly (which otherwise remains a Schedule I substance), and allowed state-licensed medical dispensaries and other providers to register with the Drug Enforcement Administration (DEA), and operate under a federal safe harbor. DEA has commenced inspecting businesses. Although the DOJ order has been challenged in court, the safe harbor for medical operations is still in effect. Treasury is working on new tax guidance. Adult-use businesses are still operating in violation of federal law, pending the outcome of this new rulemaking process. As of November 2026 — unless Congress votes to delay or change this— hemp-derived cannabidiol (CBD) and related products, which are currently widely available for purchase, will be reclassified under federal law as marijuana, and may become either Schedule I or Schedule III substances, depending on state law.

Why It Matters

Given the nearly nationwide prevalence of cannabis businesses, and the upcoming legal changes to widely-available CBD products, it is not realistic for banks to avoid cannabis- or hemp-derived funds or transactions. However, many of these transactions could potentially violate federal law. Furthermore, given this legal and regulatory uncertainty, many cannabis businesses choose to avoid the regulated banking system, and the businesses that serve them may be concerned about acknowledging the source of their income. Without banking services, such businesses may operate in cash or other forms of payment outside the regulated banking system, are not screened for potentially suspicious activity, and may be ripe targets for violent crime. Congress reintroduced the bipartisan, bicameral Secure and Fair Enforcement (SAFE) Banking Act of 2026 (S. 4942/H.R. 9471) to allow state-legal cannabis businesses and their service providers to access critical banking and financial services.

Recommended Action Item

Urge Congress to move quickly to enact the SAFE Banking Act of 2026, which was reintroduced this session after passing the Senate Banking Committee with bipartisan support last Congress. A previous version of the bill passed the House seven times with broad bipartisan support.

The bill would:

- Allow banks to serve all cannabis-related businesses;
- Specify that handling proceeds from cannabis-related businesses' legitimate transactions does not violate any provision of federal law; and
- Require federal banking regulators to provide explicit, clear, and uniform expectations regarding the treatment of all cannabis-related accounts.

2026 Farm Bill Priorities

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Issue Update

The Farm Bill is a legislative package that governs an array of agricultural and food programs in the U.S. This critical legislation has a tremendous impact on farming livelihoods and sets national agriculture, nutrition, conservation, and forestry policy. Several Farm Bill provisions are particularly important for banks, their customers, and the communities they serve:

Loan Limits for FSA Guaranteed Loan Programs. The cost of agriculture continues to increase at a rapid pace, especially for agricultural land. Increasing Farm Service Agency (FSA) loan limits for guaranteed farm ownership to at least $3.5 million and increasing FSA guaranteed farm operating loans to at least $3 million will help bankers keep pace with rising input costs and better serve their customers.

Beginning Farmer Programs. Farmers and ranchers are entering a much wider spectrum of farm business types and demand faster loan turnaround times to stay competitive. More flexibility and the ability to use off-farm income when applying for beginning farmers and ranchers (BFR) loan programs will help increase efficiency. As the modern farm structure continues to evolve, policymakers should update FSA definitions and interpretations of family farm structure to include BFR. FSA BFR loan programs should continue to focus on bona fide family farmers and ranchers, but there needs to be flexibility when determining which borrowers are eligible under this definition.

Down Payment Assistance Program. As land prices continue to rise, beginning farmers and ranchers will need more assistance to purchase land. The Down Payment Assistance Program provides a pathway for land ownership, but the current limit on the program isn't reflective of market prices. Increasing the dollar limit of the Down Payment Assistance Program will better align with the current realities of agricultural land prices.

Rural Development Funding. A lack of funding for the Rural Development Guaranteed Loan Programs has made it very difficult for banks to use the program, which has hurt rural communities. Policymakers should increase funding levels for Rural Development Guaranteed Loan Programs.

Technology for FSA Loan Programs. FSA loan programs continue to lag far behind the technological capabilities of banks. Congress should reexamine the technology needs of FSA loan programs and provide FSA with the proper funding to modernize its systems.

Why It Matters

Banks play a critical role in rural America, and the Farm Bill provides a vehicle for the banking industry to help meet the financial needs of farmers, ranchers, and agricultural communities across the country. Passage of the Farm Bill will allow bankers to better serve their customers and ensure high levels of credit availability for agricultural producers in the years to come.

Recommended Action Items

Support passage of the Farm Bill. The House of Representatives passed the House version of the Farm Bill on April 30, 2026 by a vote of 224-200. Ask Senators to support the passage of a new long-term Farm Bill in the Senate Agricultural Committee and on the Senate floor. The provisions in the Credit Title of both the House and Senate versions of the Farm Bill provide lenders with strong tools to meet the needs of the agricultural economy.

Oppose Amendments That Would Expand Farm Credit System Rural Home Loan Eligibility by Raising the Population Limit. Attempts to expand Farm Credit residential lending authority in thousands of new communities across the country would incentivize mission drift at Farm Credit and risk diverting capital away from agricultural loans to farmers, ranchers, and producers.

Indexing Regulatory Thresholds

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Issue Update

For decades, many regulatory thresholds have stayed fixed in nominal terms, even as the economy has grown. These thresholds were typically set during very different economic conditions and have not been updated to reflect changes in the banking sector. As a result, thresholds that once reflected meaningful distinctions in size, complexity, or risk now capture institutions that were never intended to be subject to more burdensome requirements.

For example, annual audit reporting requirements established by the Federal Reserve kick in when a bank holding company's assets reach $500 million. When this threshold was set in 1995, the more stringent requirement applied to only 9 percent of bank holding companies. Today, it applies to 45 percent. Dozens of thresholds, from stress testing to resolution planning, have drifted the same way.

Why It Matters

This regulatory "drift" creates three problems:

1. **Burdens institutions never meant to be captured.**
   Over time, economic growth and inflation erode the real value of thresholds, pulling more institutions into regulatory regimes that were never intended to apply to them. Banks with limited complexity or risk profiles may be forced to shoulder costs and reporting burdens designed for much larger entities.

2. **Discourages organic growth.**
   Institutions manage their balance sheets defensively to avoid crossing arbitrary thresholds. This distortion can discourage organic growth and instead encourage consolidation as the only viable means to absorb new regulatory burdens.

3. **Dilutes regulatory resources.**
   An expanding pool of covered banks beyond the intended scope dilutes regulatory efforts and the ability of agencies to focus on the largest sources of risk. These outcomes run counter to the policy objectives Congress and regulators have set.

Recommended Action Items

The solution is indexing. ABA recommends, ***after a one-time adjustment to correct for past inaction***, ***linking asset-based thresholds to nominal GDP***, which reflects the size of the economy and the scale of the banking sector. Indexing is a low-cost, high-impact reform that improves transparency, reduces arbitrary burdens, and allows regulators to focus on where the risk really is.

Momentum for indexing is growing. The federal banking agencies have proposed indexing key thresholds in several major rulemakings and the House passed a bipartisan package that would review and update numerous asset thresholds. Policymakers should conduct a comprehensive review of outdated thresholds, update and index those that no longer reflect their original policy purpose, and embed indexing into future rulemakings and legislation.

Fraud Prevention

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Issue Update

Criminals impersonate financial institutions every day through fake calls, texts, emails, and deceptive online content, costing Americans up to $196 billion per year. When addressing fraud, banks often serve as the last line of defense to prevent or mitigate customer financial losses. In this role, they have made substantial investments in controls related to identity verification, authentication, transaction authorization, and digital risk indicators. Today, banks are at the forefront of managing a complex threat landscape—balancing controls designed for legacy fraud, such as check fraud, with emerging and increasingly sophisticated schemes, including those leveraging deepfake technology. With fraud losses rising sharply, banks cannot fight this threat alone. Policymakers are beginning to respond. In November 2025, the Justice Department launched an interagency Scam Center Strike Force, and in March 2026 lawmakers introduced the Safeguarding Consumers from Advertising Misconduct (SCAM) Act to target deceptive ads on social media platforms.

Why It Matters

Fraud is a growing national threat that harms consumers, erodes trust, and imposes significant costs across the economy. Although banks are often the most visible point of contact when a scam is uncovered, fraud usually begins upstream outside of their network—through telecommunications networks, social media platforms, technology services, and organized criminal operations. An effective response must extend beyond the banking sector. Congress, federal agencies, regulators, law enforcement, telecommunications providers, social media companies, and technology platforms all have a role to play in preventing scams and protecting consumers. Without a coordinated, whole-of-government and whole-of-industry strategy, Americans will remain vulnerable to this rapidly evolving threat.

Recommended Action Items

- Enact S.3774 and H.R.7548, the SCAM Act to require social media companies to verify advertisers, detect fraudulent ads, and remove deceptive content.
- Establish a national fraud prevention strategy, including a White House Office of Fraud and Scam Prevention and cross-agency working groups that bring together banks, regulators, law enforcement, and industry stakeholders.
- Advance clear, consistent fraud-related rules, including stronger requirements for telecommunications companies to prevent spoofed calls and fake bank texts and for social media platforms to prevent and remove impersonation accounts and scam ads.
- Strengthen law enforcement coordination by creating dedicated federal support for state and local financial crime efforts, including grants to establish Financial Crimes Intelligence Centers.

The Main Street Capital Access Act

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The Main Street Capital Access Act (H.R. 6955), also known as the Main Street Act, includes a series of community bank regulatory reforms aimed at tailoring bank regulations, indexing asset thresholds, promoting greater transparency and fairness in supervision, encouraging healthy merger activity, ensuring regulatory accountability, and incentivizing new bank formation. These common-sense reforms would spur economic growth in communities across the country through the promotion of a robust, dynamic banking industry and the effective intermediation of credit for individuals, families, and businesses of all sizes.

Tailoring Bank Regulation and Indexing Asset Thresholds. Prudential regulation and supervision should be tailored based on banks' capital structure, risk profile, complexity, activities, business model, and size. To ensure such tailoring remains meaningful over time, key asset thresholds should also be indexed to economic growth and inflation. Indexing is a low-cost, high-impact, and durable reform that improves transparency and reduces arbitrary regulatory burdens.

New Bank Formation. Incentivizing the creation of new banks is critical to the long-term health of the banking industry nationwide. Bank consolidation is a long-term trend. In fact, there are 4,316 fewer banks in the U.S. now than in 2005. By facilitating the formation of new banks in urban and rural areas, the bill will be a significant step toward expanding banking access for both individuals and small- and medium-sized businesses.

Fair and Transparent Bank Supervision. Ensuring fairness and accountability in the bank examination process, strengthening removal of "reputational risk" as a component of bank supervision, improving the process for institutions to appeal supervisory determinations, and ensuring a prompt review of Material Supervisory Determinations are all important steps that contribute to resilience of the banking sector. The Main Street Act provisions will bring much-needed clarity and transparency to the regulatory process.

Regulatory Accountability and Transparency. The Main Street Act ensures that the cumulative impact of uncoordinated regulatory initiatives, misuse of regulatory guidance by the regulatory agencies, and the opaque activities of global financial regulatory forums don't create arbitrary regulatory burdens that hamper economic growth. The legislation will ensure greater accountability at the federal banking agencies.

Merger Competition and Clarity. Many of the current standards for assessing the competitive impact of mergers are significantly outdated and do not accurately reflect competitive conditions in today's financial services markets. The bill will modernize the bank merger process by eliminating opacity while requiring timely determinations on merger applications.

Recommended Action Items

Ask the Senate to Pass H.R. 6955, the Main Street Capital Access Act.
The House of Representatives passed the Main Street Act in a bipartisan vote of 270-155 on July 21, 2026. Urge members of the Senate to pass this critical legislation aimed at properly calibrating the regulatory environment for America's community banks, allowing them to focus on serving families, small businesses, and local economies by empowering Main Street.

Financial Institutions and Sustainable Finance Issues

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Issue Update

Driven by attention from regulators, investors, customers and employees, there is much debate around sustainable finance in Washington, DC and in Statehouses throughout the country. While "sustainability" has not been specifically defined, and can include many activities, bank-driven programs can be an important part of how a bank meets the needs of the communities it serves and the expectations of its customers and employees. However, in recent years, policymakers have considered, and in some cases enacted, policies that would in effect impose certain problematic requirements on banks under the guise of safety and soundness. In other cases, policymakers have tried to effectively prohibit banks from considering certain sustainability factors. We expect these efforts on both sides to continue for the foreseeable future.

Why It Matters

As policymakers focus on these issues, the potential arises for inappropriate governmental intervention into banks' business decisions and board governance. While not the only example, the most prevalent and pressing have been efforts to force financial institutions to bank or not bank a lawful company or industry.

It is appropriate for prudential banking regulators to consider how banks identify, monitor and manage financial risk. However, it is inappropriate to use bank supervision or regulation to regulate other industries indirectly – especially to discourage lending and investment or to compel it.

Preserving the ability of each bank to make its own decisions regarding sustainability initiatives and priorities based on business and market considerations will preserve the ability of all banks to meet the unique needs of the communities they serve.

Recommended Action Items

- Oppose policymaker efforts to use banks, whether through direct requirements or through safety and soundness, disclosure or other measures, to effectively regulate or reallocate capital to or away from specific industries. Regulation perceived to be taken on one side of the political spectrum will likely be countered by an opposite reaction by others. Customers are harmed when banks are put in the middle of this

- Banks should be free to lend to, invest in, and generally do business with any entity or activity that is legal, without government interference. Likewise, banks should not be compelled to do business with an entity, except in the case of fair lending or anti-discrimination requirements. Allowing banks to make their own business decisions has helped foster the deepest and most resilient banking system in the world, and we should not undermine that. To that end, advocate that policymakers:

Financial Institutions and Sustainable Finance Issues

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- Oppose efforts to use banking regulation, supervision, disclosure requirements, or other governmental tools to direct capital toward or away from lawful industries or activities.
- Preserve the ability of banks to assess risk and allocate capital based on sound business judgment, customer needs, and market conditions.
- Promote competitive markets and consumer choice rather than government-directed financial decision-making.
- Ensure that prudential regulation remains focused on the safety and soundness of financial institutions rather than broader public policy objectives.
- Protect banks' ability to serve any lawful customer or industry while maintaining appropriate risk-management standards.