



August 6, 2025

The Honorable Tim Scott  
Chair  
United States Senate Committee on Banking, Housing, and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Elizabeth Warren  
Ranking Member  
United States Senate Committee on Banking, Housing, and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Re: Senate Consideration of SMART and TRUST Acts Following Bipartisan  
House Committee Approval

Dear Chairman Scott and Ranking Member Warren:

On behalf of the American Fintech Council (AFC),<sup>1</sup> I write to respectfully request that the Senate Banking Committee to consider two important pieces of legislation recently passed through the House Financial Services Committee with wide bipartisan support: the Supervisory Modifications for Appropriate Risk-Based Testing (SMART) Act (H.R. 4437) and the Tailored Regulatory Updates for Supervisory Testing (TRUST) Act (H.R. 4478).

AFC is the premier trade association representing the largest financial technology (Fintech) companies and innovative banks who power them. Our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies. Our members are lowering the cost of financial transactions, allowing them to help meet demand for high-quality, affordable products.

AFC has long advocated for pragmatic, bipartisan legislation that reforms regulatory requirements in a manner that properly balances the inherent costs and benefits of bank examinations. Both H.R. 4437 and H.R. 4478 are strong examples of smart, targeted regulatory modernization legislation that reflects lessons learned from recent financial instability while

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<sup>1</sup> AFC's membership spans technology platforms, non-bank lenders, banks, payments providers, loan servicers, credit bureaus, and personal financial management companies.

supporting responsible innovators across financial services ecosystem by tying bank examination processes and timing to the actual risk profile and size of an institution.

Specifically, the SMART Act would require federal financial regulators to tailor their use of supervisory testing, such as stress testing and other tools, based on the risk profile of the institutions they oversee. The bill explicitly instructs regulators to avoid using a one-size-fits-all approach, particularly when applying complex supervisory tools intended for the largest, most complex banks to smaller, well-managed community institutions. As the bill's sponsor, Rep. Timmons, noted, the current system often imposes disproportionate burdens on institutions that pose little risk to the broader financial system.<sup>2</sup> This bipartisan legislation directs agencies to modernize and refine their approaches to better reflect institutional size, complexity, and business model, all while ensuring strong oversight without the unnecessary regulatory friction.

Further, during House consideration, the SMART Act received strong bipartisan support as a practical response to growing concerns about regulatory overreach, especially in the wake of regional bank instability. Rather than weakening supervision, the SMART Act would improve it by encouraging more precise and risk-based oversight. Notably, Chairman Hill emphasized that the bill helps preserve local financial institutions, and Ranking Member Waters expressed support for its goal of reducing unnecessary compliance obligations while maintaining safety and soundness.<sup>3</sup>

In addition, the TRUST Act, updates the asset threshold for community banks to qualify for an extended 18-month examination cycle, increasing it from \$3 billion to \$10 billion. This commonsense change reflects how inflation and consolidation have reshaped the banking landscape over the past two decades. Importantly, the bill maintains all existing safety and soundness standards while freeing up supervisory capacity and reducing regulatory friction for well-managed institutions.

The legislation builds on existing statutory authority and longstanding bipartisan support for streamlining supervisory processes for low-risk banks. During the Committee's markup of the bill, it received strong bipartisan support. Specifically, Rep. Moore, the bill's sponsor, emphasized that the TRUST Act would allow community banks to devote more time and resources to serving customers, rather than preparing for frequent exams<sup>4</sup>. Ranking Member Waters praised the bill's bipartisan development and noted that it provides appropriate relief without compromising regulatory rigor.<sup>5</sup>

Simply put, both bills reflect AFC's core belief that effective regulation should be principled, proportional, and predictable. We advocate for a framework that adapts to innovation without compromising consumer protection or systemic stability. This approach is consistent with the

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<sup>2</sup> Rep. William Timmons, remarks at Day One: Markup of Various Measures, Hearing Before the H. Comm. on Fin. Servs., 119th Cong. (July 22, 2025), at 5:23:40, <https://www.youtube.com/watch?v=8sWM1-e1dP0>.

<sup>3</sup> Rep. Maxine Waters, remarks at Day One: Markup of Various Measures, Hearing Before the H. Comm. on Fin. Servs., 119th Cong. (July 22, 2025), at 5:27:10, <https://www.youtube.com/watch?v=8sWM1-e1dP0>.

<sup>4</sup> Rep. Tim Moore, remarks at Day Two: Markup of Various Measures, Hearing Before the H. Comm. on Fin. Servs., 119th Cong. (July 23, 2025), at 1:03:45, <https://www.youtube.com/watch?v=Tbw2waQKxSQ>.

<sup>5</sup> Rep. Maxine Waters, remarks at Day Two: Markup of Various Measures, Hearing Before the H. Comm. on Fin. Servs., 119th Cong. (July 23, 2025), at 1:05:55, <https://www.youtube.com/watch?v=Tbw2waQKxSQ>.

recommendations we outlined in our October 2024 comment letter to the federal banking agencies on bank-fintech arrangements,<sup>6</sup> as well as our letter to the House Financial Services Committee in March 2025,<sup>7</sup> where we urged regulators to tailor oversight based on risk, size, and structure rather than entity label or delivery model. By tailoring examination requirements to risk and institutional profile, these bills promote regulatory efficiency and accountability without sacrificing resilience.

As Congress considers the future of financial services oversight, it is critical to ensure that supervisory processes evolve to differentiate between risk profiles and market roles more effectively. To make this shift sustainable, these reforms should be paired with robust education and training for regulatory examination staff, particularly focused on the full range of activities within bank-fintech partnerships and the leading risk management processes that these models employ. With the support of private sector partners, AFC believes federal agencies can develop targeted programs to help examiners better understand the “supply chain of banking” and the interplay between financial institutions and their fintech partners. The SMART and TRUST Acts reflect the Congress’ recognition of the aforementioned points and sends a strong message of support for responsible innovation, particularly by small and mid-sized financial institutions.

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We applaud the House Financial Services Committee, under the leadership of Chairman Hill and Ranking Member Waters, for its thoughtful and bipartisan work advancing the SMART and TRUST Acts. These bills represent meaningful steps toward a more pragmatic and innovation-friendly regulatory framework. We respectfully request the Senate Banking Committee to build on that momentum and take up these bills following the August Recess, as part of your broader agenda to strengthen oversight while promoting financial innovation and access. We welcome continued engagement with the Committee on these important reforms and thank you for your consideration of our request.

Sincerely,



Ian P. Moloney  
SVP, Head of Policy and Regulatory Affairs  
American Fintech Council

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<sup>6</sup> See, American Fintech Council, “Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses—Docket No. OP-1836; RIN 3064-ZA43; Docket No. OCC-2024-0014”, (Oct. 30, 2024), available at <https://www.fintechcouncil.org/advocacy/federal-advocacy-letter-on-interagency-bank-fintech-arrangements-rf>

<sup>7</sup> See, American Fintech Council, “Request for Feedback on “Make Community Banking Great Again” Principles and Slate of Bills (Mar. 31, 2025), <https://www.fintechcouncil.org/advocacy/federal-afc-letter-to-house-financial-services-committee-on-principles-to-make-community-banking-great-again>

CC:

The Honorable William Timmons, Committee on Financial Services, U.S. House of Representatives

The Honorable Bill Foster, Committee on Financial Services, U.S. House of Representatives

The Honorable Tim Moore, Committee on Financial Services, U.S. House of Representatives

The Honorable Ritchie Torres, Committee on Financial Services, U.S. House of Representatives