



December 8, 2025

The Honorable John Thune
Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Democratic Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Re: AFC Letter Urging Inclusion of Banking Legislation in the National Defense
Authorization Act for Fiscal Year 2026

Dear Leader Thune, Leader Schumer, Speaker Johnson, and Leader Jeffries,

On behalf of the American Fintech Council (AFC) and its members,¹ I am writing to urge you to ensure that the final text of the National Defense Authorization Act (NDAA) for Fiscal Year 2026 includes the community banking and regulatory tailoring legislation advanced this year by the House Financial Services Committee. Throughout 2025, AFC has strongly supported these legislative efforts and recognizes the importance of codifying them into law.

¹ AFC's membership spans technology platforms, non-bank lenders, banks, payments providers, Earned Wage Access providers, loan servicers, credit bureaus, and personal financial management companies.

AFC’s mission is to promote an innovative, transparent, inclusive, and customer-centric financial system by fostering responsible innovation in financial services and encouraging sound public policy. AFC members are at the forefront of fostering competition in consumer finance and pioneering ways to better serve underserved consumer segments and geographies. Our members are also improving access to financial services and increasing overall competition in the financial services industry by supporting the responsible growth of lending and lowering the cost of financial transactions, allowing them to help meet demand for high-quality, affordable financial products.

As outlined in AFC’s March 31, 2025, letter to the House Financial Services Committee on the “Make Community Banking Great Again” principles,² we believe Congress has a critical opportunity to modernize supervision, strengthen responsible bank-fintech partnerships, and ensure community banking institutions can continue to compete and serve consumers effectively. Each of the bills below advance those goals by promoting risk-based oversight, clearer supervisory expectations, and targeted support for community banks and their technology partners. These bills, reported favorably out of Committee, include:

- **H.R.940 – FAIR Exams Act**, which establishes an Office of Independent Examination Review within the Federal Financial Institutions Examination Council to review material supervisory determinations issued by the federal banking agencies. The bill allows all financial institutions to appeal supervisory findings without fear of retaliation. It also requires that bank examiners complete examinations within 60 days of the exit interview and share all materials used to support the supervisory determination with the institution under review.
- **H.R.4437 – SMART Act**, which provides well-managed and well-capitalized financial institutions with assets under \$10 billion targeted regulatory relief by instituting alternating limited-scope examinations and combining safety and soundness exams with consumer compliance reviews to streamline oversight and reduce burdens.
- **H.R.4478 – TRUST Act**, which raises the consolidated asset threshold from \$3 billion to \$10 billion for insured depository institutions to qualify for an 18-month examination cycle.
- **H.R.3709 – Advancing the Mentor-Protégé Program for Small Financial Institutions Act**, which directs the Department of the Treasury to establish a mentor-protégé program pairing large financial institutions with small, rural, and minority depository institutions, with the goal of enhancing their capacity to serve customers and potentially act as financial agents.
- **H.R.2702 – FIRM Act**, which prohibits the use of “reputational risk” as a factor in the supervision of depository institutions. By eliminating this subjective and undefined metric, the bill aims to prevent politicization of bank supervision and ensure regulatory focus remains squarely on material risks related to safety and soundness.
- **H.R.3380 – TAILOR Act**, which requires federal financial regulators to take into account an institution’s risk profile and business model when issuing new regulations or

² 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>

taking supervisory actions. Agencies must tailor rules in a way that minimizes unnecessary burdens, especially for low-risk institutions such as community banks. The legislation also mandates the use of simplified reporting for eligible institutions, requires regulators to conduct a retrospective review of past rules to identify opportunities for tailoring, and directs agencies to submit a comprehensive report to Congress on efforts to modernize bank supervision.

- **H.R.5317 – Community Bank Deposit Access Act**, which clarifies that custodial deposits facilitated through bank-fintech partnerships are recognized as distinct from brokered deposits.

We are greatly encouraged by the efforts already pursued by federal regulators to institute several reforms covered by the aforementioned bills. However, in an effort to ensure these efforts remain in an everchanging political environment, AFC believes it is crucial for the Congress to codify these reforms in statute. Therefore, as House and Senate leaders work to resolve outstanding issues in the FY 2026 NDAA, AFC respectfully urges cementing these community banking and regulatory tailoring provisions into law. Doing so would deliver concrete, bipartisan regulatory relief that makes the financial system safer, fairer, and more competitive for consumers, small businesses, and the institutions that serve them.

The American Fintech Council and our members stand ready to serve as a resource as you finalize the FY 2026 NDAA and to support continued efforts to strengthen the nation's financial infrastructure.

Sincerely,



Ian P. Moloney
Chief Policy Officer
American Fintech Council

Cc:

The Honorable Tim Scott, Chair, Senate Committee on Banking, Housing, and Urban Affairs
The Honorable Elizabeth Warren, Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs
The Honorable French Hill, Chair, House Committee on Financial Services
The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services