



March 11, 2026

The Honorable Tim Scott
Chair
United States Senate Committee on Banking, Housing, and Urban Affairs
104 Hart Senate Office Building
Washington, DC 20510

The Honorable Elizabeth Warren
Ranking Member
United States Senate Committee on Banking, Housing, and Urban Affairs
311 Hart Senate Office Building
Washington, DC 20510

Re: Letter of Support for Inclusion of Key Community Banking Provisions in 21st
Century ROAD to Housing Act

Dear Chair Scott and Ranking Member Warren,

On behalf of the American Fintech Council (AFC),¹ I write to express our support for several critical pieces of legislation advanced by the House Financial Services Committee and urge the Senate to include these provisions in any final Senate housing legislation. Throughout 2025 and 2026, AFC has strongly supported these legislative efforts and recognizes the importance of codifying them into law.

A standards-based organization, the American Fintech Council (AFC) is the largest and most diverse trade association representing financial technology (fintech) companies and innovative banks. On behalf of over 150 member companies and partners, AFC promotes 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.

The community banking provisions developed by the House Financial Services Committee and incorporated into recent House legislation would advance these goals in several important respects.² Taken together, these provisions would provide practical supervisory and examination relief for well-managed institutions, modernize outdated thresholds that no longer reflect the

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

² *Housing for the 21st Century Act*, H.R. 6644, 119th Cong., 2nd sess. (2026).

current banking landscape, improve regulatory transparency and accountability, and reduce unnecessary friction that diverts resources away from lending and community investment. The House has already demonstrated strong bipartisan support for pairing housing policy with targeted community banking reforms. Including these provisions in final Senate housing legislation would also improve the prospects for a durable bicameral package that improves the broader banking ecosystem.

In AFC's March 2025 letter to the House Financial Services Committee on community banking principles, we emphasized the importance of increasing clarity of supervisory expectations for regulated entities engaging in novel or innovative business models and avoiding a patchwork supervisory landscape that can create uncertainty and inadvertently encourage regulatory arbitrage.³ Consistent with that approach, the pieces of legislation below advance several pragmatic reforms that modernize examination practices, promote accountability, and strengthen confidence in the supervisory process for regulators and regulated entities alike. Each of the bills advances those goals by promoting risk-based oversight, clearer supervisory expectations, and targeted support for community banks and their technology partners. These include:

- **Taking Account of Institutions with Low Operation Risk (TAILOR) Act.** The TAILOR Act would require federal financial regulatory agencies to take a disciplined, risk-based approach to rulemaking and supervision, by better aligning regulatory actions with an institution's size, complexity, and business model. It would also strengthen accountability by requiring agencies to report to Congress on how they are implementing tailoring and reviewing existing requirements.
- **Fair Audits and Inspections for Regulators' Exams (FAIR Exams) Act.** The FAIR Exams Act recognizes the issues AFC members experience and delivers pragmatic solutions by increasing the oversight authority of the Federal Financial Institutions Examination Council to ensure clear, consistent, and accountable examination processes across the federal regulatory system.
- **Supervisory Modifications for Appropriate Risk-based Testing (SMART) Act.** The SMART Act would provide targeted relief for low-risk institutions by allowing alternating limited-scope examinations and permitting eligible institutions to combine certain examination functions. This more efficient approach would reduce duplicative burden while preserving rigorous oversight.
- **Tailored Regulatory Updates for Supervisory Testing (TRUST).** The TRUST Act would update the thresholds for extended examination cycles for well-managed institutions to reflect changes in the banking landscape over time. We support updating the asset threshold for community banks to qualify for an extended 18-month examination cycle from \$3 billion to \$6 billion. This commonsense change reflects the realities of inflation and industry consolidation while maintaining appropriate safety and soundness standards.

³ American Fintech Council, "Request for Feedback on 'Make Community Banking Great Again' Principles and Slate of Bills" (Mar. 31, 2025), available at <https://www.fintechcouncil.org/advocacy/federal-afc-letter-to-house-financial-services-committee-on-principles-to-make-community-banking-great-again>.

- **Financial Integrity and Regulation Management (FIRM) Act.** The FIRM Act would reinforce that supervision should be grounded in objective, risk-based safety-and-soundness considerations, not subjective judgments untethered from measurable financial risk. Limiting the use of “reputational risk” as a supervisory factor promotes predictability, helps prevent inconsistent outcomes across agencies, and reduces the risk that supervisory discretion becomes a substitute for transparent rulemaking.
- **Advancing the Mentor-Protégé Program for Small Financial Institutions Act.** This legislation 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.
- **Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) Modernization.** AFC supports efforts to strengthen the existing EGRPRA review process by increasing the review frequency from every ten years to every seven years and requiring regulators to assess the cumulative impact of their rules. AFC also believes this review should explicitly include the CFPB so that any burden-reduction effort reflects the full regulatory landscape facing community banks and their partners.
- **Bank-Fintech Partnership Enhancement Act.** This provision would advance an interagency, evidence-based review of bank-fintech partnerships and help move the policy conversation toward durable “rules of the road” that encourage responsible innovation while reinforcing the distinct roles and responsibilities of regulated depository institutions and their fintech partners. Passage of this legislation would build upon the significant work of both the Committee and the prudential banking regulators to improve the policy landscape for responsible bank-fintech partnerships.

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 the Senate works to pass housing legislation, AFC respectfully urges including and 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.

Sincerely,



Ian P. Moloney
Chief Policy Officer
American Fintech Council

Cc:

The Honorable John Thune, Majority Leader, United States Senate

The Honorable Charles E. Schumer, Minority Leader, United States Senate

The Honorable French Hill, Chair, House Committee on Financial Services

The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services