American Bankers Association

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June 30, 2025

The Honorable Michelle W. Bowman
Vice Chair for Supervision
Federal Reserve Board
20th Street and Constitution Avenue NW
Washington, D.C. 20551

The Honorable Rodney Hood
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Dear Vice Chair Bowman, Acting Comptroller Hood, and Acting Chairman Hill:

We are writing on behalf of 53 trade associations representing banks of every size to urge the federal banking regulators to prioritize the indexing of supervisory asset thresholds. This issue carries far-reaching implications for the structure, efficiency, and fairness of our financial system.

Inflation affects every corner of the American economy, from the price of consumer goods to the purchasing power of deposits. Yet, many supervisory asset thresholds applicable to banks remain fixed in nominal terms, unchanged for years or even decades. Another key driver of the resulting misalignment has been the growth of the banking sector itself, which has expanded significantly alongside the broader economy. 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 regulatory requirements.

Indexing plays a crucial role in maintaining regulatory relevance, reducing unintended constraints on market participants and the public, and ensuring that rules remain appropriately calibrated as the economy grows. While regulators have recognized the importance of revisiting asset triggers (such as for the 18-month exam cycle; see Figure 1), very few supervisory asset thresholds are regularly adjusted for growth. The practical consequence of this failure to index is a steady expansion of regulatory reach — not through legislative or regulatory deliberation, but by default.

18-month exam cycle: Asset threshold adjustments

Effective date	Asset threshold
8/28/1998	$250 million
9/25/2007	$500 million
1/17/2017	$1 billion
1/17/2019	$3 billion

Source: ABA analysis

The failure to index has real effects on institutional behavior, strategic growth decisions, and market structure. Banks with limited complexity or risk profiles may be forced to shoulder costs and reporting burdens designed for much larger peers. Institutions manage their balance sheets defensively to avoid crossing arbitrary thresholds. In some cases, this distortion discourages organic growth and instead encourages consolidation as the only viable means to absorb new regulatory burdens.

Static thresholds also carry consequences for regulators. 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.

We appreciate the growing attention across both Congress and the regulatory agencies to the challenges posed by outdated supervisory thresholds. For example, at ABA's Washington Summit, House Financial Services Committee Chairman French Hill proposed raising the $10 billion asset threshold to $25 billion, citing the distortive effects of thresholds that no longer reflect institutional scale or risk. Similarly, Subcommittee Chairman Andy Barr has introduced legislation that would raise the $10 billion threshold to $50 billion.

We were similarly encouraged to hear recent comments from Vice Chair Bowman and Acting Chairman Hill expressing broad support for modernizing and indexing supervisory thresholds across the board, including for category thresholds established in the 2019 tailoring rules. We also note the recent letter from the Conference of State Bank Supervisors (CSBS) emphasizing the need to revisit asset thresholds. These developments reflect a shared understanding that static thresholds, left unadjusted, have drifted out of sync with their original policy intent.

We respectfully urge the regulatory agencies to continue evaluating opportunities to use existing authority to index supervisory asset thresholds. We also encourage the agencies to work with Congress to identify where statutory changes are required to implement indexing so that standards do not unintentionally drift over time. In doing so, policymakers will support a healthier, more resilient, and more competitive banking system — one better positioned to serve customers, communities, and the broader economy.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
DC Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association

Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
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Minnesota Bankers Association
Mississippi Bankers Association
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Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: The Honorable French Hill
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

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