KANSAS BANKERS ASSOCIATION

September 22, 2025

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments—RIN 3064–AG15
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Dear Deputy Executive Secretary Jones:

The Kansas Bankers Association (KBA) appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's (FDIC) proposal (the proposal) to adjust and index certain regulatory thresholds. The proposal would amend certain regulatory thresholds to reflect inflation from the date of initial implementation, or the most recent adjustment, and provide for future adjustments pursuant to an indexing methodology. The KBA is a nonprofit trade association which has 193 of the 196 Kansas domiciled banks and thrifts in Kansas, as well as 25 of 43 out-of-state chartered banks doing business in the state as members.

The KBA generally supports the FDIC's proposal to adjust and index the regulatory thresholds under its statutory authority, including those in 12 CFR Part 363. This is a long-overdue initiative to modernize regulations that have not kept pace with economic growth, the evolving structure of the banking industry, or inflation. We commend the FDIC and its leadership for taking this important first step toward aligning regulatory coverage with real-world conditions.

While the KBA agrees with the overall goals set forth in the proposal, it does believe that more attention is needed to ensure that indexing mechanisms are appropriately tailored to the nature and purpose of each threshold. In essence it is not appropriate to tie the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to all asset-based thresholds. In particular, the KBA believes that while the use of the CPI-W or a comparable consumer price index makes sense for consumer protection regulations, consumer indices do not logically tie to non-consumer protection regulations, such as those described in the proposal. Instead, the KBA believes that it would be better to apply nominal Gross Domestic Product (GDP) to these thresholds. Tying to nominal GDP would help to ensure that the asset-based thresholds remain proportionate to the size of the broader economy.

In addition, the KBA strongly supports the FDIC's proposal to initially adjust asset thresholds to reflect past growth before indexing going forward. However, we encourage the FDIC to consider whether the original figures were grounded in sound policy rationale. Without doing so, the FDIC could inadvertently perpetuate outdated or arbitrary policy.

Finally, the KBA encourages the FDIC to:

1) Apply revised asset thresholds retroactively for any bank that crossed a given threshold within the 12 months prior to the date of the rule's implementation; and
2) Ensure banks have a sufficient period of time to comply with heightened regulatory requirements after crossing an asset threshold.

The proposal recognizes that the relief banks would realize from threshold revisions would vary by regulation. For many rules, initial adjustments would take effect at the start of the first calendar quarter following adoption of the final rule, with subsequent adjustments effective each April 1 of adjustment years. However, thresholds under part 363 operate on a fiscal year basis. Banks that cross a threshold would remain subject to the current rule until the start of their next fiscal year, even if the revised threshold would otherwise exempt them.

For banks approaching current thresholds, this misalignment carries significant fixed cost implications. Institutions may be required to temporarily comply with rules that the agency acknowledges are overdue for adjustment. Without a transitional relief mechanism, this issue will recur with each future revision, imposing unnecessary burdens on banks that briefly exceed thresholds.

There is significant cost for a bank crossing a regulatory threshold. By not having a transitional process in place, organic growth is discouraged. We have seen this in the current regulatory system, where banks manage their balance sheets to remain just below compliance triggers. The KBA favors a threshold adjustment system which either averages assets over a period of time, or something similar to what is used with the Community Reinvestment Act, where the previous two years' December 31 assets are used to determine whether a bank is a small, intermediate-small, or large bank.

Once again, the KBA applauds the FDIC for taking this critical first step in bringing common-sense solutions to the bank regulatory system. However, the Association believes the proposal could be improved with the above-described adjustments.

Thank you for the opportunity to comment on the FDIC's indexing proposal. If you have any questions or concerns regarding the above, please feel free to contact the undersigned at 785-232-3444.

Respectfully,

Douglas E. Wareham, President
Kansas Bankers Association

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