Michigan Bankers Association

Our Mission:
Advocating for and supporting banking.

Our Purpose:
Empowering the voice of banking through connections, growth, dreams and innovations for communities to thrive.

[redacted]

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September 25, 2025

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Adjusting and Indexing Certain Regulatory Thresholds (RIN 3064-AG15)

The Michigan Bankers Association (MBA) appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's (FDIC) proposal to adjust and index certain regulatory thresholds. We appreciate being heard, over the past several years, on the need to adjust banking policies to reflect the present-day marketplace- both in terms of dollar thresholds as well as the banking products, services and practices. We support the proposal's intent to amend regulatory thresholds for banks to retroactively reflect inflation and view these changes as a critical first step to right sizing regulatory regimes for small to mid-sized banks now and into the future.

While supporting the threshold changes, the MBA encourages the FDIC to consider a different methodology in the application of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to asset-based thresholds. To better preserve the original intent of asset-based thresholds, nominal Gross Domestic Product (GDP) would serve as a more suitable alternative. Unlike CPI-W, which measures only price levels, nominal GDP captures the aggregate value of goods and services produced, aligning more closely with the critical role of the financial services sector. Indexing to nominal GDP would help ensure that asset thresholds remain proportionate to the size of the broader economy. At the same time, we support the use of CPI-W or a comparable price index for consumer-facing dollar-based thresholds. These thresholds are more appropriately tied to general price levels and consumer inflation.

Dynamic thresholds that keep pace with the changing economic environment help reduce a variety of negative impacts. For example, a static threshold has the unintended consequence of limiting community bank organic growth. We usually see very managed growth as a community bank nears a threshold or other activity, such as M&A, to facilitate greater scale in addressing the increased cost, operational challenges, and reporting requirements of regulation. Indexing the thresholds will increase transparency, support long-term planning and align regulatory requirements with actual risk.

Finally, we would like to encourage policy that increases predictability and smooths the transition runways for banks as they cross thresholds. This concept would come with the request that a revised asset threshold be retroactively applied to any bank crossing a given threshold in the past 12 months and develop more meaningful criteria for determining when a threshold is crossed. Examples could include averaging assets over four consecutive quarters or assets exceeding a threshold for two consecutive years. This would provide some remedy to the impacts that currently discourage organic growth and lead to increased M&A activity. It would also mitigate the single point in time massive increases in regulatory and compliance costs that drive these previously mentioned outcomes.

The MBA is again appreciative of the agency's proactive thought process in addressing modernization of regulatory thresholds. We believe that this comment letter and the suggestions provided will be helpful in the examination of needs to facilitate safe and sound bank growth with the FDIC, through interagency coordination and in collaboration with Congress.

Sincerely,

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Patricia Herndon
Chief Policy Officer