



September 12, 2018

The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Consumer Bankers Association (CBA) appreciates the Committee's consideration of legislation that will allow our member institutions to better serve their customers and increase consumer access to banking products and services. CBA is the voice of the retail banking industry whose products and services provide access to credit to millions of consumers and small businesses. Our members operate in all 50 states, serve more than 150 million Americans and collectively hold two-thirds of the country's total depository assets.

#### **H.R. 6743 – Consumer Information Notification Requirement Act**

CBA supports H.R. 6743, the Consumer Information Notification Requirement Act, which would codify existing breach notification requirements for financial institutions and provide such institutions relief from the current patchwork of inconsistent state data security and breach notification laws. This comprehensive approach would better serve consumers by making it easier for financial institutions to adequately protect their customers from identity theft and account fraud.

CBA appreciates the committee's work on this important issue and its long-standing support for a uniform national standard to ensure all entities that use or store sensitive consumer information have an obligation to protect it and provide notification in case of a breach.

#### **H.R. 6158 – Brokered Deposit Affiliate-Subsidiary Modernization Act**

CBA supports H.R. 6158, the Brokered Deposit Affiliate-Subsidiary Modernization Act, to revise the definition of brokered deposit to exempt deposits collected through an affiliate or subsidiary from higher deposit insurance assessments and other unwarranted regulatory treatment.

The definition of deposit broker was adopted by Congress in 1989 and limitations on brokered deposits were enacted in 1991. Over the nearly three decades since, there has been vast technological innovation and new deposit account programs have entered the market changing the manner in which banks solicit deposits and interact with their customers. For instance, many banks today have online-only or other fintech subsidiaries which offer deposit accounts to its customers.

While the Federal Deposit Insurance Corporation (FDIC) has the authority to adjust the definition of a brokered deposit and create exemptions, it has not revised its interpretations in decades and currently considers deposits originated by a bank's subsidiary or affiliate as brokered. This treatment exists despite the FDIC's own acknowledgement in both its 2013 Study on Core and Brokered

Deposits and the Liquidity Coverage Ratio regulations that deposits received by a bank through an affiliate are more stable than various other types of deposits.

Treating deposit funds originated by a bank's subsidiary or affiliate as brokered imposes unnecessary burdens and ultimately limits customer access to bank services and products. CBA appreciates the committee's consideration of this important legislation and urges its passage.

### **H.R. 5534, Give Useful Information to Define Effective Compliance Act**

CBA supports H.R. 5534, the Give Useful Information to Define Effective Compliance Act or "GUIDE" Compliance Act. This important legislation would provide a statutory framework for the Bureau of Consumer Financial Protection's (BCFP) issuance of interpretative rules and guidance to facilitate industry compliance. A clear understanding of the rules of the road would help financial institutions meet statutory and regulatory intentions and ultimately better serve their customers.

For several years, financial institutions were frustrated by the BCFP's use of guidance and regulation by enforcement and their unresponsiveness to compliance questions. For instance, the slow issuance of or inadequate explanations contained in BCFP guidance created unnecessary complexity and uncertainty for stakeholders.

H.R.5534 addresses these concerns by clearly defining guidance and requiring the BCFP to issue guidance necessary to carry out the law. It sets clear timelines for the BCFP to solicit industry questions and provide answers during and after the implementation process. Additionally, the bill requires public notice before the BCFP amends or revokes guidance. It also eliminates liability for acts that were consistent with guidance when they occurred, regardless of whether that guidance has since changed. By creating a more transparent regulatory environment, H.R. 5534 will serve to enhance the effectiveness and efficiency of the BCFP.

### **Conclusion**

CBA supports the passage of these common sense bills which will help to increase consumer access to well-regulated financial service products. On behalf of the members of CBA, we appreciate the opportunity to submit this letter for the record.

Sincerely,



Richard Hunt  
President and CEO  
Consumer Bankers Association