

REGULATIONS CRUSH SMALL, COMMUNITY BANKS

QUICK STATS

- ✗ **CONFERENCE:** Regulation
- ✗ **TEAM:** Multiple agencies
- **FUMBLE:** \$895 billion by 2025
- **HOW TO RECOVER THE BALL:** The Financial Regulatory Improvement Act

If Dodd-Frank's goal was to put a check on "big" banks and bolster small community banks, the 2,300-page law certainly missed the mark. The law created a total of 390 rules and regulations, and as of September 30, 2015, a total of 249 have been finalized—with 58 remaining proposed and 83 yet to be proposed.⁴⁰⁰ The American Action Forum estimates that by 2025 Dodd-Frank will cost the American economy a staggering \$895 billion.⁴⁰¹

New community banks, which give American families the opportunity to invest in a small local bank that will in turn invest in their local community, have essentially stopped opening across the country in part because of Dodd-Frank's enormous costs. A Federal Reserve Board report found that "from 1990 to 2008, more than 2,000 new banks were formed," while "from 2009 to 2013 only seven new banks were formed."⁴⁰²

Small banks across the country struggle to comply with Dodd-Frank's complex rules. Families rely on their community banks for

mortgages to buy their first homes or for important financing to open small businesses. If banks continue to close down or focus only on federal compliance, where will families and small business owners turn? In just one of countless examples, the *Washington Post* reports that a local DC-area bank was forced to expand its compliance team sevenfold to 35 full-time, non-revenue-generating employees since Dodd-Frank's enactment in 2010.⁴⁰³

RECOVERY

Recognizing the urgent need to help local banks, the U.S. Senate Committee on Banking, Housing and Urban Affairs's Financial Regulatory Improvement Act will fix many of Dodd-Frank's requirements by freeing small banks from complying with new regulations that were intended for larger banks. Congress must pass common-sense legislation like this to free community banks from Dodd-Frank's shackles and allow them to provide American small businesses and families with crucial local financing.

[For more information, please visit:](#)

[American Action Forum: The Growth Consequences of Dodd-Frank](#)

[Federal Reserve: Where Are All the New Banks? The Role of Regulatory Burden in New Charter Creation](#)

[The Washington Post: Four years into Dodd-Frank, local banks say this is the year they'll feel the most impact](#)

[Davis Polk: Dodd-Frank Progress Report](#)