

October XX, 2017

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

We, the undersigned chambers of commerce that represent thousands of small businesses and entrepreneurs in communities across the country, urge you to develop and pass common-sense financial reform that removes obstacles to funding Main Street businesses and unlocks economic growth.

Main Street businesses rely on community, mid-size, and regional banks for credit and other financial products to get started, sustain operations, manage cash, make payroll, and create well-paying jobs. These banks follow a traditional model – they take customer deposits and make loans to consumers and small and mid-size businesses.

However, since the financial crisis, community, mid-size, and regional banks have become regulated under an ineffective and inefficient “one-size-fits-all” approach that does not consider an institution’s actual risk profile. Treating community, mid-size, and regional banks under such a regulatory regime has consequences. The cost of credit for small businesses has increased, the flow of capital has slowed, and many services and products have been eliminated. Perhaps most alarming, relationship banking – credit decisions informed by local knowledge and judgment – is becoming extinct.

Government data show significant declines in small business lending over the last decade, despite widespread demand.<sup>1</sup> These declines represent start-ups that were never launched, jobs that were never created, and expansions that were never completed.

We believe Congress should develop common-sense reforms for community, mid-size, and regional banks, which would help empower Main Street businesses. We urge you to make such legislation a priority and we look forward to working with you on this important matter.

Sincerely,

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<sup>1</sup> Federal Deposit Insurance Corporation, Loans to Small Businesses and Farms, FDIC-Insured Institutions, 1995-2017, *available at* <https://www.fdic.gov/bank/analytical/qbp/timeseries/small-business-farm-loans.xls>; Federal Reserve Banks, 2016 Small Business Credit Survey: Report on Employer Firms (Apr. 2017), *available at* <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf>.