America's Mutual Banks
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Mutual Alert

House Financial Services Committee to Consider the "TAILOR Act": Mutual Banks May Benefit

The House Financial Services Committee is expected to consider the Tailor Act H.R. 2896 this week. TAILOR is an acronym for "Taking Account of Institutions with Low Operational Risk. The Bill which was introduced by Rep Scott Tipton (R. Co), and is summarized at https://www.congress.gov/bill/114th-congress/house-bill/2896, directs the Federal financial institutions regulatory agencies to take the "risk profiles and business models of institutions into account when taking regulatory actions"…. While we are not naïve when it comes to the federal agencies ability to interpret Congressional language and intent to suit their own objectives, we are encouraged that similar amendments to the language in the SEC's governing statute regarding cost benefit analysis has been upheld by the courts to strike down a major SEC regulatory initiative and has slowed down the cascade of regulations that were being proposed by that agency. We are hopeful that the House may pass this Bill, and while its fate is uncertain in the Senate, it is at least a marker for future reform once the election is settled.

The language of the Bill is attempt to solve the problems of one size fits all over regulation that mutual banks have suffered. It is intended to give relief to those banks that are being overwhelmed with regulation designed for big banks and to mitigate risks that do not exist in the mutual banking industry. It requires justification for applying regulation and guidance to an institution or class of institutions in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens as is appropriate for the risk profile and business model involved. We believe that mutual banks are indeed a prime example of a class of institutions that the Bill is intended to protect.

We urge you to contact your Representative to express support for passage of H.R. 2896.