

## As the second half begins

For more than a year the banking industry has faced the risk that its very future would be hijacked by the political reaction to the events of 2007-8. That the reaction was coming was certain. That something was needed was clear. You can't come to the brink of financial and economic meltdown and not need changes.

ABA CEO Ed Yingling predicted over a year ago that bankers would face an onslaught of reform legislation the likes of which had not been seen since the Great Depression. And that came to pass last June when the Obama Administration rolled out its massive proposal for financial regulatory reform. Seven months later, after 300,000 banker comment letters and emails, and hundreds of hours of testimony, and after countless late nights and seven-day workweeks for ABA government relations, communications, and other staff for whom a BlackBerry might as well have been surgically attached, we are just ending halftime of a most incredible contest—more of a marathon than a four-quarter game.

As described in the cover story, beginning on page 14, passage of Barney Frank's H.R. 4173, otherwise known as the "Wall Street Reform and Consumer Protection Act," marked the end of the first half, or close to it. The huge bill differs in many ways from what the Treasury envisioned last June—improved in many cases by the efforts of many bankers, state association executives, and the ABA staff.

Three of ABA's government relations senior staff—Floyd Stoner, Wayne Abernathy, and Bob Davis—sat down with ABA BJ last month, responding to questions about H.R. 4173, and the challenges that lie ahead.

The three experienced Washington hands were a bit weary—who wouldn't be, after the year they've had—but their insights were sharp, as you can read for yourself in the article. They cover in depth systemic risk and the serious threats to the Fed's independence. Also discussed is the Consumer Financial Protection Agency proposal and the reasons ABA continues to oppose that measure, along with comments on the bill's implications for securitization, fee income, reg burden, a separate thrift charter, and federal preemption.

Further, the trio assesses prospects for companion legislation in the Senate.

In early December the ABA Board adopted a set of Government Relations Policy Positions for 2010. The document includes a special preamble entitled "The Key Elements of Traditional Banking." It contains five points including the role of banks in economic growth; the need to seek improvement in regulatory programs to curtail inappropriate practices within the industry and particularly among nonbank competitors; and the need to end the too big to fail doctrine, which "unfairly benefits large institutions over smaller ones and encourages excessive risk-taking," according to the document. You can read the preamble and the ABA action priorities on [aba.com](http://aba.com), under the "Government Relations" tab at the top of the home page.

ABA staff will once again need the full support of all bankers this year to ensure an outcome that will enhance and improve the industry's position, and not hinder or unnecessarily burden an industry that is vital to the recovery and growth of the economy. You rose to the occasion in the first half; don't sit out the second, when the contest will be decided.

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