



## Banking regulations face rollbacks under Trump administration

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The banking industry is poised to benefit from Republicans lawmakers having a newly elected president from their side of the aisle to sign financial regulatory relief bills into law.

With the stunning victory of Donald Trump over Hillary Clinton, Republicans now have control of the legislative and executive branches. This grip on Washington bodes well for Republican moves to scale back regulations that have been blocked by Democrats and President Obama, analysts said.

Although Trump has been relatively mum on his plans for banking policy, he said last year that the government should “get rid of” the landmark Dodd-Frank Act passed after the financial crisis.

“The election could upend much of the Dodd-Frank Act and much of the financial regulatory structure,” Justin Schardin, director of the Bipartisan Policy Center, told The Hill Extra. “We have little idea of what Trump will do but he has said he would dismantle the Dodd-Frank Act.”

A lot of how Trump may do that will rest on his nominations to open seats at the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC) and the Treasury Department, Schardin said.

### Republican plan for financial regulation

Regardless of the nominees Trump chooses, Republicans have a blueprint for legislation to undo many major provisions of Dodd-Frank. That blueprint is the Financial Choice Act, introduced this year by Rep. Jeb Hensarling (R-Texas), who leads the House Financial Services Committee.

“The Financial Choice Act will certainly come back in the next Congress,” Mark Calabria, director of financial regulation studies at the Cato Institute, told The Hill Extra. “The bill is very comprehensive as is, but some points, including community banking relief, could likely pass.”

Wall Street banks could get relief from Dodd-Frank regulations already in place. These include the Durbin Amendment, which caps fees banks charge retailers for debit card transactions, and the Volcker Rule, which curbs the ability for banks to make risky trades with their own money.

“The Financial Choice Act would yield significant benefits for banking,” a longtime industry representative, who asked not to be named, told The Hill Extra. “The largest financial institutions would get relief with the provisions to repeal the Durbin amendment and the Volcker rule.”

The Hensarling bill would also reform the structure and funding of the Consumer Financial Protection Bureau, an agency frequently lambasted by Republicans, to make it less powerful.

Best odds for community banking relief

Community and regional banks have the best odds of getting regulatory relief under Trump.

“Having the same party in control of Congress and White House bodes well for community banking relief to get passed,” Paul Merski, executive vice president at the Independent Community Bankers of America, told The Hill Extra.

“There is now a better scenario for legislation to move through the entire Congress and get signed by the president into law,” Merski said.

Adding to the likelihood that community banking relief bills get passed is Sen. Mike Crapo (R-Idaho) taking the helm of the powerful Senate Banking Committee. Hailing from a state far away from Wall Street, he is widely expected to back legislation that would benefit smaller institutions.

“Crapo is more likely to prioritize community and regional banking relief,” Brandon Barford, managing partner at Beacon Policy Advisors, told The Hill Extra. “Smaller banks stand to benefit.”

In addition, Democrats including Sen. Sherrod Brown (Ohio), the ranking member on the Senate Banking Committee, have embraced the idea of providing regulatory relief for community banks.