

## **Alliance For Consumer Credit Legislative Talking Points**

- As you know, Congress is currently considering comprehensive regulatory reform legislation proposed by the Obama administration to address problems that arose during the recent economic crisis.
- The Alliance for Consumer Credit supports efforts to minimize systemic risk and to fill regulatory gaps.
- However, one part of the Obama regulatory reform plan seeks to fix a problem that does not exist. The plan would eliminate the thrift charter and subject companies that own credit card banks, trust-only banks, industrial banks and thrifts (Limited Purpose Depository Institutions) to the Bank Holding Company Act (BHCA).
- The bottom-line result of this would be two-fold: (1) it would eliminate long-standing sectors of the banking industry that did not cause the recent economic crisis, that are fully regulated and that provide an important source of credit to consumers and small businesses; and (2) it would require many current owners of such institutions to sell their institutions and exit the banking industry to the detriment of the owners, their employees and the economy.
- The economic crisis arose from bad practices that occurred at institutions across the financial services spectrum, including bank holding companies, full-service banks, broker-dealers and others. Limited Purpose Depository Institutions should not be made a scapegoat.
- Limited Purpose Depository Institutions are subject to each and every federal banking law that applies to full-service banks, from capital to restrictions on affiliate transactions, from community reinvestment to consumer protection.
- Without being subject to the BHCA, the parent companies of Limited Purpose Depository Institutions are still subject to examination by federal banking regulators under current laws.
- Limited Purpose Depository Institutions have proven remarkably strong and resilient during the crisis, when almost 100 banks have failed this year alone.
- Limited Purpose Depository Institutions provide financing to small businesses and consumers that is critical to our economy's health in areas including retailing, healthcare, automotives, equipment leasing and student lending. Forcing these institutions out of the industry would lead to further concentration among the biggest full-services banks and will harm the consumers and small businesses that rely on Limited Purpose Depository Institutions for credit.
- We are asking Congress to reject this change and allow the continuation of Limited Purpose Depository Institution charters, so that we have all the banking institutions possible out there providing capital to help our economy recover and grow.
- Please contact the Alliance for Consumer Credit for legislative language and further information on this important issue. They can be found at [www.allianceforconsumercredit.com](http://www.allianceforconsumercredit.com).