



KANSAS BANKERS ASSOCIATION

October 23, 2025

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
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Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street, SW
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Re: Comment on Docket ID OCC-2023-0016, Fed Res Docket No. OP-1828, FDIC-EGPRRA: Regarding Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

Dear Sir or Madam:

The Kansas Bankers Association (KBA) appreciates the opportunity to comment on the on the regulatory burden review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). The KBA is a nonprofit trade association which has 193 of the 196 Kansas domiciled banks and thrifts in Kansas, as well as 25 of 43 out-of-state chartered banks doing business in the state as members.

As required by EGRPRA, the federal banking agencies (Agencies) must review their regulations at least every ten years to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions. This process includes providing public notice, gathering comments on specific regulatory categories, and ultimately producing a report for Congress. This report should summarize the key regulatory burdens raised, assess their validity, and recommend whether those issues are best addressed by regulation or legislation.

The KBA supports the goals and purpose of the EGRPRA and strongly encourages the Agencies to use this third decennial review as an opportunity to provide meaningful regulatory relief for banks, enabling them to better serve their customers. Although the KBA, along with other bank trade groups, provided detailed recommendations in previous EGRPRA reviews, few were adopted by regulators.

It is the hope of the KBA that this round of comments assists the regulators in identifying outdated, burdensome, and/or unnecessary rules and requirements that hinder, rather than help, banks in effectively serving their customers.

Adoption of the American Bankers Association Comment Letter

The KBA had the opportunity to work directly with the American Bankers Association (ABA) in drafting a comment letter on behalf of ABA members (including the KBA). This comment letter, totaling twenty-eight pages, provides a detailed review of the status quo, as well as recommendations for improvements in four areas:

- Federal Reserve Regulation II
- Federal Reserve Regulation CC
- Capital
- Community Reinvestment Act

Rather than reiterating the analysis and recommendations made by the ABA in its comment letter, the KBA hereby endorses the ABA's comment letter and adopts it in full as its own comments. A summary is as follows:

Regulation II

As stated by the ABA in its letter, Regulation II has been amended to the point that it has strayed from its initial goals by not accurately reflecting the original intent of the Durbin Amendment. As a result, the KBA believes the Board should (1) rescind the 2022 Final Rule, and (2) narrow the net compensation provisions of the current rule in a manner consistent with its narrow rule-writing authority under the Durbin Amendment.

Regulation CC

Regulation CC has not been updated to reflect the current check processing practices of the Federal Reserve System. For example, it still refers to "nonlocal check" holds. Nonlocal checks have not existed since 2010. The Federal Reserve should improve Regulation CC's clarity and accuracy by issuing a rule to eliminate references to "nonlocal checks" across the regulation. This simple technical amendment would make the regulation significantly easier to use, by aligning it with the operational realities of check-processing that have been in place for the last 15 years.

Similarly, Regulation CC defines a "business day" to exclude a list of enumerated Federal holidays, but the list is no longer current. We recommend that the regulation be amended to formally adopt the Federal Reserve Bank holiday schedule (which is acknowledged currently in the commentary) in defining a "business day" rather than just listing the holidays themselves.

Additionally, it is undisputed that check fraud continues to be a significant problem for banks and their customers. Regulation CC should be modernized to assist banks in combating this fraud. For example, it should be easier for depository banks to place holds on deposits when the bank has reasonable cause to doubt collectability that is not dependent upon receiving information from the drawee bank or other third-party sources. A depository bank should have the power to place a hold based upon its own well-founded belief that there are legitimate concerns with the validity and payment of the check in question.

Finally, given the increasing sophistication of check fraud, we recommend maintaining or extending current regulatory hold-times for check deposits and avoid shortening these periods that would undermine banks' ability to detect and prevent fraud before funds are irreversibly withdrawn. We urge the Agencies to recognize the operational realities of modern fraud and support longer hold periods, allowing institutions sufficient time to investigate and validate deposits.

Capital

The KBA strongly supports a holistic review of the leverage ratio requirements to ensure that all leverage ratios function as a backstop to risk-based capital requirements and not a binding constraint. This is a position previously acknowledged by the Agencies. It is well-recognized by policymakers that when leverage ratios bind, it can discourage low risk and relatively safe activities versus the riskiest activities. We believe it is important for the banking agencies to restore leverage ratios to a backstop as intended. Please refer to the ABA's comment letter for details of the many specific capital-related changes that are endorsed by the KBA.

Community Reinvestment Act (CRA)

The multiyear effort to modernize the CRA regulations led to the 2023 Rule, which the agencies are now in the process of rescinding. The proposed rescission follows a legal challenge alleging that the 2023 Rule exceeded the agencies' statutory authority. The KBA strongly supports repealing the 2023 Rule and replacing it with the 1995 framework. While the modernization effort was unsuccessful, it highlighted the strengths of the legacy rule as well as areas where targeted updates are needed. The ABA's comment letter provides several recommendations for meaningfully improving the 1995 framework. The KBA adopts those recommendations with this letter.

Once again, the KBA appreciates the opportunity to provide the above recommendations for the EGRPRA process. If you have any questions or concerns regarding the above, please feel free to contact the undersigned at 785-232-3444.

Respectfully,

Douglas E. Wareham, President & CEO
Kansas Bankers Association

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Kansas Bankers Association