



## SNL Blogs



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## Regulatory fears loom large at community banking conference

By [Christina M. Mitchell](#)

Fears of an overreaction from regulators following the most serious financial crisis in a generation proved a key topic at this week's ABA National Conference for Community Bankers, with ABA President and CEO Edward Yingling identifying overzealous examinations as one of the most critical issues facing community bankers today, along with pending financial reforms.

"We're very concerned about how the regulators are addressing examinations right now. ... From what we hear around the country, the regulators are going overboard," Yingling told SNL. The ABA president said, while he appreciates recent regulatory statements that stress a balanced approach to bank examinations, "[T]hat's not what's happening in the real world."

It was a point upon which fellow speakers and attendees appeared to agree. "I find that bankers fall into one of two camps: There are those that are reeling from their last regulatory exam, and there are those that are deathly afraid of their upcoming regulatory exam," ABA Chairman Arthur Johnson said in an opening session, eliciting a few laughs around the room.

Jokes aside, however, community bankers said they feared heightened regulatory pressure and overly aggressive examinations could hinder their ability to compete. "None of us know how to do business because we don't know what the rules are," said Donald Musso, president and CEO of New Jersey-based financial consulting firm FinPro Inc. A former banker himself, Musso said he remains a majority stakeholder in several banks.

Regulators remain receptive to hearing bankers' concerns, but the two sides have struggled at times to see eye to eye, Musso told SNL. "I don't think it should come across that the regulators are not listening and not playing to their constituency; I just think that they're set in their ways," he said. Still, Musso stressed that dialogue between banks and their regulators remains essential, and banks should reach out individually and through their professional organizations to air their concerns.

The ABA also reiterated its commitment to speaking out. "We have to say to regulators who have now said, 'Okay, we don't want to do that,' we have to say, 'Look, your message is not getting through to examiners. ... You need to stop talking and you need to start making sure we're not having this overreaction,'" Yingling told a roomful of bankers at the conference. "It's causing a huge problem for banks, [and] it is cutting back on lending."

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