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November 17, 2021

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing
and Urban Development
United States Senate
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing
and Urban Development
United States Senate
Washington, D.C. 20510

Dear Chairman Brown, Ranking Member Toomey, and Members of the Committee:

The Independent Community Bankers of America and the undersigned state banking associations, representing thousands of community banks and the communities they serve write to express our opposition to the nomination of Professor Saule Omarova to be the Comptroller of the Currency.

Our opposition is based on a careful review of Professor Omarova’s record of published scholarship and public statements on the topic of American banking policy. Her positions are alarming to community banks. Professor Omarova has advocated for government allocation of capital and credit through the transfer of private retail banking functions to the Federal Reserve, “fully replacing” private bank deposits as a funding source and putting an “end to banking as we know it.” She has proposed that new “instrumentalities,” such as the “National Investment Authority,” along with the Federal Reserve, become “the ultimate public platform for generating, modulating, and allocating financial resources in a modern economy.” The Comptroller should have a fundamental understanding of the role that community banks play in supporting local economic growth. Professor Omarova has advocated the displacement of community banks with government credit allocation.

While policymakers have for decades debated the relative role of government regulation of private banks, both parties have recognized the fundamental value of the free market and private institutions in creating and providing credit. Consumers are best served through the impartial allocation of credit by thousands of competing institutions, which have a duty to ensure their needs are met. Professor Omarova stands well outside of this bipartisan consensus framework and could seek as Comptroller to undermine it and thereby jeopardize American economic growth.

We generally believe that the Senate should accord the President a strong measure of discretion in selecting the members of his Cabinet and heads of independent agencies. We have not previously opposed a nominee of this President and have only rarely opposed a nominee of any previous President. We take

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this unusual step based on the nature of Professor Omarova’s public positions and the impact they would have on community banks.

Under Professor Omarova’s “People’s Ledger” proposal, for example, community banks would be relegated to serving as representative offices of the Federal Reserve. Today, community banks fund their balance sheets and lending operations largely through FDIC-insured deposits. The People’s Ledger would make community banks almost wholly dependent on the Federal Reserve for funding through the discount window. Funding would be contingent on the extension of “qualified” loans in accordance with specified underwriting and other eligibility criteria. This could easily lead to politization of credit allocation. This proposal is anathema to community banks and would undermine the role they play in driving local economic activity and development. The core mission of community banks is support for small business and households based on intimate knowledge of borrowers and their communities. We will strongly oppose policies and nominees that would undermine this mission.

Finally, we note Professor Omarova’s opposition to the Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155), which passed the Senate in 2018 with overwhelming bipartisan support. We appreciate the leadership and vocal support for this legislation provided by members of the Banking Committee from both sides of the aisle, including those currently considering Professor Omarova’s nomination. We believe her opposition to bipartisan legislation to support the viability of community banks is yet another indication that she stands outside a bipartisan consensus on community banking policy.

For the above reasons, we urge opposition to Saule Omarova’s nomination to serve as Comptroller of the Currency.

Thank you for your consideration.

Sincerely,

Independent Community Bankers of America

Arizona Bankers Association

California Community Banking Network

Connecticut Bankers Association

Community Bankers Association of Georgia

Community Bankers Association of Illinois

Community Bankers of Iowa

Bluegrass Community Bankers Association

Alabama Bankers Association

Arkansas Community Bankers

Independent Bankers of Colorado

Florida Bankers Association

Idaho Bankers Association

Indiana Bankers Association

Community Bankers Association of Kansas

Louisiana Bankers Association

Maine Bankers Association	Massachusetts Bankers Association, Inc.
Community Bankers of Michigan	Independent Community Bankers of Minnesota
Mississippi Bankers Association	Missouri Independent Bankers Association
Montana Independent Bankers	Nebraska Independent Community Bankers
New Hampshire Bankers Association	New Jersey Bankers Association
Independent Community Bankers Association of New Mexico	Independent Bankers Association of New York State
Independent Community Banks of North Dakota	Community Bankers Association of Ohio
Community Bankers Association of Oklahoma	Pennsylvania Association of Community Bankers
Independent Banks of South Carolina	Independent Community Bankers of South Dakota
Tennessee Bankers Association	Independent Bankers Association of Texas
Vermont Bankers Association	Virginia Association of Community Banks
Community Bankers of Washington	Community Bankers of West Virginia
Wisconsin Bankers Association	Wyoming Bankers Association

CC: Members of the United States Senate