



R. SCOTT HEITKAMP
Chairman

TIMOTHY K. ZIMMERMAN
Chairman-Elect

PRESTON L. KENNEDY
Vice Chairman

DEREK B. WILLIAMS
Treasurer

CHRISTOPHER JORDAN
Secretary

REBECA ROMERO RAINEY
Immediate Past Chairman

CAMDEN R. FINE
President and CEO

July 24, 2017

U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives:

On behalf of the nearly 5,000 community banks represented by ICBA, I write to urge your support for Representative Rothfus's Congressional Review Act (CRA) joint resolution of disapproval (H.J. Res. 111) for the Consumer Financial Protection Bureau's (CFPB's) recently finalized arbitration rule. As you know, the Senate is considering a companion resolution (S.J. Res. 47). With your support in passing this resolution, the CFPB's ill-conceived and counterproductive rule can be reversed. If the rule is allowed to stand, the expense of defending a single, frivolous class action lawsuit could be devastating to a community bank.

Community banks are relationship lenders, many of which have served their communities for multiple generations. A reputation for fair dealing is essential to their success, and abusive consumer practices have absolutely no place in their business model. Community banks invest heavily in resolving customer complaints amicably and on a timely basis.

When a dispute cannot be resolved between a customer and a community bank or other business, a speedy and fair resolution is the best outcome for all parties. Many community banks have found that arbitration is a fair, established, and cost-effective forum that allows all parties to have their case heard and evidence evaluated by an impartial tribunal. Rulings are made in a timely manner. Notably, the CFPB's own report on the subject suggests arbitration offers a better process and outcome for consumers relative to class action suits which are slower and, on average, provide little financial recovery to consumers.

For community banks, arbitration is an alternative to lengthy and prohibitively expensive litigation. Arbitration provides a check on the trend toward frivolous class action litigation which serves the interest of trial lawyers at the expense of community banks and consumers. If the CFPB rule stands, exposure to class action litigation expenses, coupled with a rising tide of regulatory compliance costs, will surely contribute to the consolidation trend which is reshaping the banking industry to the detriment of consumer choice.

The Nation's Voice for Community Banks.®

WASHINGTON, DC ■ SAUK CENTRE, MN ■ IRVINE, CA ■ TAMPA, FL ■ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org

ICBA is grateful to the many Representatives who weighed in with the CFPB during the comment period to urge withdrawal of the proposed rule and who have cosponsored H.J. Res. 111. The CFPB arbitration rule simply does not help consumers, will harm community banks, and must be reversed. Please vote for timely passage of H.J. Res. 111.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO

The Nation's Voice for Community Banks.®

WASHINGTON, DC ■ SAUK CENTRE, MN ■ IRVINE, CA ■ TAMPA, FL ■ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org