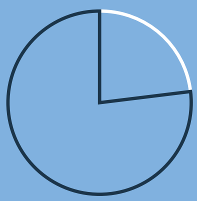
State regulators charter and supervise:



79%

OF ALL U.S. BANKS

— from local community banks to large financial institutions — with over $8.4 trillion in combined assets

State-chartered banks provide:

3/4

OF BANK AGRICULTURE LENDING IN AMERICA

1/2

OF ALL SMALL LOANS TO U.S. BUSINESSES

(including ½ of all PPP loans)

Most bank regulation in the United States occurs outside Washington

State regulators charter and supervise **79% OF ALL U.S. BANKS** — from local community banks to large financial institutions — with over $8.4 trillion in combined assets.

State regulators oversee a diverse financial services marketplace

State regulators also license and oversee a variety of nonbank financial services firms, including fintech, mortgage, payments, consumer finance and debt collection companies.

Across the country, state regulators:

- Monitor the safety and soundness of regulated institutions
- Protect their communities from illegal and predatory practices
- Promote local economic growth

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STATE PERSPECTIVES

State financial regulators play a key role in protecting both consumers and the entire U.S. financial system. Our financial system benefits from state and federal regulators working together. At a time when community banks have never been more important to the economic health of the nation, it is more important than ever for state and federal regulators to work together seamlessly to ensure a well-functioning banking system for every American. Congress should ensure the Administration leverages the collective strength of the state system and supports the dual banking system by adhering to statute for federal appointments. CSBS stands ready to provide expertise or assistance to further these objectives.

CSBS ASKS THAT CONGRESS:

CONFIRM a member with state bank supervisory experience to the FDIC Board of Directors, as required by law.

ENHANCE the information sharing between federal regulators and state regulators to eliminate supervisory blind spots, enforcement gaps, and risks for consumers and the marketplace, as called for by the Financial Stability Oversight Council since 2014.

STRENGTHENING FINANCIAL REGULATION

Financial regulation must continue to evolve and strengthen with the changing financial services landscape. An integrated and empowered state system is critical for meeting both current and future regulatory challenges. To that end, states are working through CSBS to create a regulatory network empowered by technology platforms and the collective intelligence of its users. This “networked” system is responsive both locally and globally — protecting individual consumers and markets at the state level, while employing robust and streamlined oversight of digital-first fintech firms. Congress should partner with state regulators and build off their Networked Supervision model to achieve the promise and address the challenges of fintech.

CSBS ASKS THAT CONGRESS:

LEVERAGE the states’ numerous Networked Supervision initiatives to advance state-federal regulatory and supervisory partnerships for nonbank financial services companies..

ENACT the Bank Service Company Examination Coordination Act (H.R.2270/S.1230) to enhance state and federal regulators’ ability to coordinate their oversight of bank technology partners, such as fintech lending platforms or cloud service providers.

UTILIZE state regulators’ knowledge and experience overseeing nonbank financial companies to respond to the evolution of mobile payment, digital asset, and mortgage innovation.