

**Ohio House Financial Institutions
Housing & Urban Development Committee**

**Chuck Moore, Middlefield Banking Co.
HB 35 - Proponent Testimony**



21 February 2017

Chairman Dever, Vice Chair Sprague, Ranking Member Smith and members of the House Financial Institutions, Housing and Urban Development Committee – my name is Chuck Moore; I am the Central Ohio Regional President for the Middlefield Banking Company. Currently I have over 25 years of banking experience. Prior to joining Middlefield, I served as EVP, Chief Risk and Consumer Banking Officer with Delaware County Financial Corporation, and in executive positions with Regency Finance Company, U.S. Bank and Banc One. In addition, I have been on the regulatory side of the banking industry as I have also served as the Deputy Superintendent of Consumer Finance and Consumer Affairs for the State of Ohio. Thank you for the opportunity to discuss with you the benefits of SB 29, legislation that will modernize and consolidate the banking code in Ohio.

This legislation is important to the state and to the banking industry for a variety of reasons. First, it will help our already-strong banking industry to remain viable by allowing competitive institutions provide enhanced products and services, in a safe and sound manner through provisions regarding the federal rule-parity. One of the reasons that banking employment has remained strong in Ohio is because it is one of the few states that periodically does an extensive top-to-bottom banking code review. The Office of the Comptroller of the Currency, the federal counterpart for the Division of Financial Institutions, has been actively seeking input from banks in Ohio (federally and state chartered) about changes they would like to see put in place as ways to make the federal charter more attractive. This bill will help in that same regard in Ohio. A few banks have already converted to a state chartered institution in anticipation of a reform occurring, and I believe more are considering it.

This has been mentioned to you multiple times when describing the bill, but an important aspect is that of recognizing a “universal” bank charter in Ohio. Currently three separate statutes independently govern commercial banks, savings and loan associations and savings banks. This, in turn, causes unnecessary redundancy in some instances and a potential cause for conflict as bank and thrift business models have evolved. Merging these three chapters will offer more consistent approach to oversight that will be easier to work with for all concerned, having the practical impact of strengthening consumer protections by saving the Department of Commerce and the industry training and development costs. Great care is also being taken to preserve and strengthen the Ohio mutual charter - a unique financial institution where the institution is owned not by investors, but by its depositors and borrowers.

Another aspect of the bill that will provide consumer protections is one that would disqualify banks from becoming, or remaining, public depositories that have been served an active final or temporary cease and desist order. This side of our business model is very important not only to us, but to the communities and other public entities we serve. This should provide them with the added security that banks continue to ensure that internal workings are as safe and sound as possible to protect their tax receipts and public deposits.

I believe this legislation will help move Ohio’s banking industry forward by allowing state chartered institutions the ability to reference one chapter that addresses all regulatory aspects of the industry rather than a piece meal approach. In addition, this legislation has the potential to increase the number of state chartered institutions in the state, only increasing the strength of this industry.

Thank you for your time and consideration; I will now address any questions you may have for me.