



BEFORE THE SENATE INSURANCE & FINANCIAL INSTITUTIONS COMMITTEE

Senate Bill 277 Proponent Testimony

Wednesday, March 4<sup>th</sup>, 2020

Chair Hackett, Vice Chair Hottinger, Ranking Member Craig, and members of the Senate Insurance & Financial Institutions Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 277. My name is Don Boyd and I am State Government Relations Director and Legislative Counsel for the Ohio Bankers League.

The Ohio Bankers League is the state's leading trade association for the Ohio banking industry—and is Ohio's only organization focused on meeting the needs of all banks and thrifts in the Buckeye State. For more than 125 years, the OBL has been the voice of the Ohio banking industry fostering a cooperation that has made it one of the strongest and most reputable financial trade associations in the country.

By linking banks, bankers, and industry experts—and by pooling their intellectual and capital resources—the OBL serves as a powerful creator of knowledge and collective resources. The non-profit association is comprised of nearly 190 FDIC-insured financial institutions including commercial banks, savings banks, and savings and loan associations ranging in size from just over \$14 million in assets to more than \$2.5 trillion.

For background, the Ohio Pooled Collateral System (OPCS) was created in the 131<sup>st</sup> General Assembly. The goal was to allow participating banks to pledge collateral to the Ohio Treasurer of State's Office to secure the deposits of local governments. The Treasurer's Office then monitors the bank's pledged collateral securities, and both establishes and maintains a perfected security interest in the collateral. Further, it creates a partnership between the bank, local government, and Treasurer's Office to foster communication, monitoring, and greater efficiency.

A key piece of this is active communication between the local government and the bank. Local governments must communicate to banks when large deposits are coming in so that banks can acquire the appropriate collateral and banks communicate the collateralization levels. In short, this SB 277 builds on the good work that was done creating OPCS by providing additional clarity on liability and timing. Key for banks is allowing two business days to acquire and pledge additional security to collateralize the local government's public deposits. This bright light rule provides additional certainty to local governments, the Treasurer's Office, and the banks we represent.

For these reasons, we urge your support of Senate Bill 277. Thank you for your time and I would be happy to try to answer any questions.