



Department of Commerce

John R. Kasich, Governor
Jacqueline T. Williams, Director

March 8, 2017

The Honorable Jonathan Dever
Chair, Ohio House Financial Institutions, Housing and Urban Development Committee
77 South High Street, 13th Floor
Columbus, OH 43215

Dear Chairman Dever,

I am writing on behalf of the Division of Financial Institutions, of the Ohio Department of Commerce, as an interested party to House Bill 35, The Banking Modernization Bill. A lot of work has gone into this legislation, and I commend the sponsor, stakeholders, and the staff of the Division for their dedication in seeing this through.

As Representative Hughes and the Ohio Bankers League (OBL) mentioned in their testimony, the last significant revision to Ohio's banking code occurred in 1997. Since then, technology and banking practices have changed significantly. That said, the Division has found that Ohio law does not accurately reflect present-day banking and regulatory practices.

A significant change in the banking industry has been an evolution of the capabilities of the institutions operating under the three Ohio banking charters; banks, savings banks, and savings and loans. In the twenty years since the last banking code revision, these three types of institutions have begun to change their operations and offer similar services to such an extent that they are effectively equivalent. As such, having three sets of laws which apply to virtually the same institutions is burdensome and inefficient. The Division is supportive of the change to collapse the three charters into one universal regulatory structure. From an operations standpoint, this change will streamline our examination process while improving the Division's overall efficiency.

As you have heard in previous testimony, the bill contains numerous industry changes that do not directly reference the operations or responsibilities of the Division. The Division has worked closely with the sponsor of the bill and stakeholders, and the Division can comfortably say that we do not oppose any of the bill's provisions. Many code sections that have deemed to be outdated and duplicative have been successfully updated in the bill before you.

Ohio currently has 123 state chartered banking institutions. H.B. 35 would enhance the examination and enforcement tools through which the Division can better examine these banks for safety and soundness, and to ensure compliance with the law. Similarly, overall simplification and streamlining of the statute will make many of the Division's existing responsibilities easier to carry out. In short, nothing in this bill weakens the Division's ability to examine Ohio-chartered banks, or our duty to ensure those institutions are operating in a safe and sound manner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin Allard".

Kevin Allard
Acting Superintendent, Division of Financial Institutions.

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