



State Senators William P. Coley II and Scott Oelslager  
Senate Bill 29 Sponsor Testimony  
Senate Insurance and Financial Institutions Committee  
February 14, 2017

Chairman Hottinger, Ranking Member Brown, and members of the Senate Insurance and Financial Institutions Committee, thank you the opportunity to testify on behalf of Senate Bill 29.

Large parts of the current Ohio banking code are antiquated and have not been updated since the 1980s. Senate Bill 29 seeks to update the statute that needs to be modernized to promote and enhance safe and sound operations by FDIC insured depository institutions and provide a secure banking environment for Ohio consumers. The last comprehensive update of the commercial bank statute was performed in 1995 and the code governing the state's thrifts occurred in the 1980s.

This legislation, if enacted into law, would increase regulatory robustness within the state banking regulator, the Ohio Division of Financial Institutions, by condensing three chapters of the ORC into one and creating a new "universal" charter that combines the strongest characteristics of the existing charters. This, combined with streamlined governing boards, would also decrease overhead costs of examinations and training.

Currently three separate statutes independently govern commercial banks, savings and loan associations and savings banks. This causes unnecessary redundancy in some instances and a potential cause for conflict as bank and thrift business models have evolved.

Other important and much needed updates address current-day advancements in areas such as electronic banking, which are not recognized by the current statute.

**Key Changes Include:**

- Acknowledges electronic banking;
- References provisions of the General Corporation Law (R.C. Chapter 1701.) that are applicable to the operation of banks;

- Requires the Superintendent of Financial Institutions' *pre*-approval of amendments to a bank's articles of incorporation or amended articles of incorporation;
- Expands what is deemed privileged and confidential to include information obtained as a result of the *supervision* of a bank;
- Provides for a capital restoration plan in the event a bank is undercapitalized;
- Eliminates the law governing Societies for Savings (R.C. Chapter 1133);
- The new Banking Law is scheduled to take effect July 1, 2018.

If all of this sounds familiar to you, Senate Bill 29 is identical to Substitute Senate Bill 317 from the 131<sup>st</sup> General Assembly, which passed out of the Senate unanimously.

Mr. Chairman and members of the committee, thank you for the opportunity to share sponsor testimony on Senate Bill 29. We are happy to answer any questions at this time.