



**Ohio Senate Insurance and Financial
Institutions Committee**

SB 29 - Proponent Testimony

21 February 2017

Chairman Hottinger, Vice Chair Hackett, Ranking Member Brown and other members of the Senate Insurance and Financial Institutions Committee, I am Bick Weissenrieder, Board Chair and CEO of Hocking Valley Bank situated in Athens, Ohio. In 1963, there were no locally owned banks in Athens County. Six forward-thinking area business professionals saw a need and came together to start an independent community bank based in Athens. On August 12, 1963, Hocking Valley Bank opened its doors for business. More than 50 years later, we are still committed to local leadership and decision-making, a devotion to the communities we serve and personalized service.

The Department of Commerce, the Division of Financial Institutions, and the Ohio Bankers League collaborated over the past year to review and draft updates for Ohio's banking law. The resulting package of modernization reforms are what you see before you today.

This was a significant undertaking, probably why it only occurs once every couple of decades. Laws pertaining to commercial banks were last rewritten in the mid-1990s and it has been considerably longer since Ohio laws governing the state's savings banks as well as savings and loans have been thoroughly updated. One of the reasons that banking employment has remained strong in Ohio is because it is one of the few states that has periodically done an extensive top-to-bottom banking code review.

Modernization is particularly important at this time to conform Ohio's banking statute with certain changes made in the federal Dodd-Frank Act as well as the current "unknowns" as more financial industry legislation is being discussed in Washington D.C. In addition, modernization will ensure Ohio law reflects the dramatic changes that have occurred in the industry over the past twenty years, most notably electronic banking and the clarification of the experience required for Superintendent of DFI and its Deputy. These posts need individuals who demonstrate the wherewithal to understand the complex industry of banking. Luckily the DFI has that individual at the helm now with Kevin Allard, but that may not always be the case. The banking industry's relationship with its regulatory bodies is a strong one and with good reason – we are one of, if not the most, regulated industry in the country. Our banks need to be as safe and sound as possible to ensure future growth of our communities that we call home.

Finally, modernization will streamline state law to remove the separate regulatory "silos" that currently exist for commercial banks, savings banks and savings and loan associations. Merging those chapters will offer more consistent oversight that will be easier to work with for all concerned. This will in turn save the Department of Commerce and the industry in training and development costs to comply with three

separate sets of standards to say nothing of the Byzantine accounting necessary at DFI to support the current structure. Great care is 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.

These modernizations deal with important issues, but issues that are not apparent to the general public. Examples include directors' responsibilities, enforcement powers and more flexibility to grow through merger and acquisition. Merging all three charters under a single standard will have the practical impact of strengthening consumer protections by providing both the regulator and the regulated a simpler and more uniform code to adhere to.

This package of reforms will help protect the viability of Ohio's banking charter – increasingly becoming the preferred option of most Ohio community banks as some have already converted in anticipation of reform occurring in the future.

I thank you for your consideration of my comments and for the opportunity to offer this testimony.

A handwritten signature in black ink, appearing to be the initials 'BW' followed by a flourish.