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BLOG POST

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Editor's Note: This blog originally circulated in 2019. The data contained in the post has not been updated to reflect 2024 numbers.

By CSBS President and CEO John Ryan

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I strongly believe that federal law needs to be followed. For that to happen, the FDIC board must have at least one member who "shall have state bank supervisory experience."

Here is a brief history: In 1996, Congress amended the Federal Deposit Insurance Act to require that at least one of the FDIC's three independent directors have state bank supervisory experience, which, under the letter and spirit of the law, clearly means someone who has served in state government as a supervisor of state-chartered banks. Given that the Comptroller of the Currency's seat on the Board represents the national banking system, Congress wanted to ensure a state bank commissioner would also serve on the FDIC Board to provide the state banking system's perspective, allowing for representation from both sides of the dual banking system.

However, no one has met the state bank regulatory expertise requirement on the FDIC board since former Massachusetts State Bank Commissioner Thomas Curry finished his term in 2012. Although Curry still served on the FDIC board in his role at the OCC, he no longer met the requirement as it's described under the law.

That means the requirements of the law have been unmet for six years.

The current vacancies on the board are an opportunity for the Administration to nominate and confirm someone with state bank supervisory experience.

It is important. In addition to being federal law, a director with state bank supervisory experience expands the FDIC board's knowledge base to include a practitioner with direct experience of the approximately 4,400 state-chartered banks that make up 79 percent of the nation's banking system. That is important, as the FDIC coordinates with the states to examine most of these banks.

State-chartered banks play a vital role in their communities. They provide 68 percent of all agriculture lending and 56 percent of all small-business lending in the nation. State bank supervisors have a unique, outside the

Beltway, perspective on these banking services. They are mandated to ensure the safety and soundness of these banks, protect consumers and support economic development of their communities. Someone who has worked in state government as a state bank supervisor brings an understanding of these goals and of local accountability to the FDIC's important work.

Congress agreed. And I think it is important for the Administration and the Senate to do their due diligence to nominate a person with state regulatory experience.

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