[CSBS Urges Congress to Support the Dual-Banking System]

PRESS RELEASES

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Community Bank Vitality, State-Federal Partnerships, and State Nonbank Authority are 2025 Priorities

Today, on behalf of state financial regulators, the Conference of State Bank Supervisors (CSBS) asked new Congressional leaders to advance policies that support community banking, enable effective state-federal partnerships, and safeguard the dual-banking system.

A similar letter will be sent to Executive branch leadership in the next Administration.

“This Congress can be a turning point for the creation of a more resilient, innovative, and consumer-focused financial system,” said CSBS President and CEO Brandon Milhorn. “State supervisors are prepared to work with Congress and our federal partners to strengthen the financial services that support the American economy.”

In the letter, CSBS calls on Congress to:

Support appropriately tailored regulation and supervision for community banks.

Community banks are the lifeblood of their local economies, but their numbers have diminished by 33% over the past decade and few new banks have formed. With direction and support from Congress, the federal banking agencies can create a regulatory and supervisory environment that allows community banks to thrive.

Incorporate state perspectives to build a stronger financial services ecosystem.

State and federal partnerships are vital for a robust financial system. Improving information sharing arrangements and supporting more effective, local exam coordination are critical components of these partnerships. CSBS calls on Congress to pass legislation to support information sharing on third-party service provider exams, cybersecurity risks, and BSA/AML enforcement.

In addition, for future vacancies, CSBS calls on the Senate to prioritize confirmation of an individual with state supervisory experience to the FDIC Board.

Preserve and defend state nonbank oversight authority.

CSBS urges Congress to avoid unnecessary preemption of state laws, particularly those that would undermine state consumer protection, infringe on state licensing authority, or create an unlevel playing field between state- and federally-chartered entities. In addition, CSBS urges that any federal stablecoin legislation leverage existing state regulatory frameworks and refrain from preempting states' authority to protect their markets and citizens.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

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