Statement from CSBS President and CEO Brandon Milhorn on Reports of Federal Banking Agency Consolidation

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“Many of the proposals for federal regulatory consolidation being discussed in the media have been debated — and rejected — in the past. We encourage the Administration and Congress to avoid drastic restructuring of the federal banking agencies and instead focus on real and meaningful supervisory reforms that would energize our nation’s community banks and support consumers and small businesses.

State bank supervisors stand ready to work with our federal partners to streamline supervision. However, one-size fits all federal consolidation would upend the existing framework with no clear regulatory benefit, at the expense of public confidence in America’s banks.

The diverse perspectives of the states and the federal banking agencies, appropriately balanced, improve regulatory outcomes. Focusing supervision on core financial risks, eliminating process-driven oversight, delegating additional authority to local supervisors, and improving coordination with state supervisors would immediately enhance federal supervision. Investments in new technologies could also fundamentally change the way banks are supervised and help identify and mitigate risks more effectively and efficiently.”

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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.