[FSOC State Banking Supervisor Representative Commissioner Lise Kruse Statement](#)

PRESS RELEASES

FSOC State Banking Supervisor Representative Commissioner Lise Kruse Statement

September 10, 2025
|
Download PDF

Washington, D.C. — North Dakota Department of Financial Institutions Commissioner and Financial Stability Oversight Council (FSOC) State Banking Supervisor Representative Lise Kruse statement from today's FSOC meeting:

"I would like to start by commending Secretary Bessent, along with the federal banking agencies, for their attention to this important issue. On this Council, I represent the state banking agencies, who charter and supervise 79% of all banks in this country, including 81% of all community banks [1] and 63% of all banks over $10 billion. [2]

For years, my state colleagues and I have been calling for "right-sizing" the regulatory and supervisory framework applicable to banks. The downward creep of federal regulatory requirements and supervisory expectations has placed an undue burden on institutions that simply do not present the same risk to financial stability as the handful of systemically important financial institutions in the United States.

By imposing more and more substantial requirements on smaller and less complex banks, federal supervisory mandates have placed a thumb on the scale of competition and restricted the ability of these banks to support economically resilient communities. Our nation's community banks have borne a disproportionate share of this burden, and we have seen the impact as community banks sell, merge, or struggle to innovate. To preserve competitive balance – across the banking system and, more broadly, across all financial institutions – a periodic re-examination of the impact of regulatory and supervisory requirements is prudent.

Static asset-based thresholds are a great place to start. These thresholds have failed to grow with our economy, and they force banks to make operational decisions that may not be required for safety and soundness, undermining economic support for communities. [3]

Concentration-based requirements are similarly problematic when they fail to consider an institution's business model, market, history of successful risk management, and even variations in the underlying components of the concentration.

We should also revisit undue limitations on innovation in the banking sector, including support for merger and acquisition and *de novo* policies that preserve the community character of banks and support more dynamic business models.

New rules governing stablecoins, tokenized deposits, and other digital assets must provide appropriate consumer protections and promote a level playing field for banks.

As we work to recalibrate our regulatory framework, we should not underestimate the importance of long-term stability and certainty in federal bank policy. I often hear concerns from bankers about the impact of dramatic policy shifts that regularly occur in Washington, D.C. Significant changes to regulatory expectations – after a crisis or an election – impose substantial burdens on banks as they adjust operations. My state colleagues and I look forward to working with our federal partners to ensure that the adjustments we make today – adjustments that are long overdue – stand the test of time.

To ensure these changes are effectively implemented, the federal banking agencies must be appropriately resourced. If our federal counterparts lack the appropriate resources to execute their supervisory mission – particularly for state-chartered banks – these resource burdens will fall to the states. Here, again, a balanced approach will serve the country well.

As the chartering authority for more than 3,500 banks, it is vital that the states are active participants in the tailoring dialogue. We thank Vice Chair for Supervision Bowman for her commitment to state engagement at the FFIEC and Acting Chairman Hill for his efforts at the FDIC.

Early coordination with state supervisors can help produce a resilient, policy-driven regulatory and supervisory framework that preserves safety and soundness, protects consumers, and encourages economic growth.

We look forward to working with our federal partners to achieve these shared goals."

- 1

  The FDIC’s research definition classifying institutions as community banks considers an institution’s size, geographic footprint, business model, and other characteristics. *See* FDIC, Community Banking Study, Appendix A: Study Definitions (Dec. 2020).

- 2

  FDIC Call Report Data as of June 30, 2025. State-chartered banks include 3,221 community banks and 98 banks over $10 billion. They range in size from $3.5 million to $625.4 billion.

- 3

  Testimony of Susannah Marshall, Commissioner, Arkansas State Banking Department to the U.S. House of Representatives Financial Services Committee Hearing on “Make Community Banking Great Again” (February 2025).

Related Topics
Community Bank Regulatory Thresholds

Related Posts