CSBS Supports FDIC’s Proposed State Bank Parity Rule

PRESS RELEASES

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Washington, D.C. – The FDIC’s proposed rule to provide competitive parity between state-chartered banks and national banks offering interstate services would reflect modern delivery channels for financial services and provide certainty for state-chartered banks, the Conference of State Bank Supervisors (CSBS) said in a **comment letter** submitted today.

When Congress authorized interstate banking through the Riegle-Neal Act more than three decades ago, it established a simple principle: in the limited circumstances where federal law authorizes preemption, state-chartered and national banks should compete on comparable terms. The FDIC’s proposal updates that framework for today’s banking environment while preserving each state’s authority over its own state-chartered institutions.

The FDIC’s bank parity rule does not independently preempt any state law, alter federal or state authority to set interest rates, or affect state supervisory responsibilities or authorities. It does not validate preemption determinations from the Office of the Comptroller of the Currency (OCC) that ignore the substantive and procedural limitations of the National Bank Act.

Statement by CSBS President and CEO Brandon Milhorn:

“The FDIC’s narrowly targeted proposal would appropriately allow state-chartered banks to seamlessly and competitively serve their customers across state lines as intended by the Riegle-Neal Act. Meaningful charter choice depends on this competitive parity.

To protect legitimate state interests and preserve the rule of law, CSBS will continue to oppose the OCC’s unlawful preemption efforts. However, in the legally prescribed circumstances in which Congress has authorized preemption, national and state-chartered banks must be treated equally.”

Read relevant CSBS statements and comments:

- CSBS President and CEO Brandon Milhorn Speech: **"Preserving the Community Banking Business Model"**
- **The OCC Overreaches with State Escrow Preemption Proposals**
- **CSBS Supports Ninth Circuit Decision Upholding State Interest-on-Escrow Laws**
- **Appeals Court Errs in Interest on Escrow Decision**
- **OCC’s Final Rules Preempting State Interest on Escrow Laws Are Unlawful**

Contact: Susanna Barnett, 202-407-7156, sbarnett@csbs.org

X: @CSBSNews

The Conference of State Bank Supervisors (CSBS) supports a network 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. The views of CSBS may not reflect the policy of individual states.

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