

Texas Department of Banking

Press Release

State Bank Regulators Unveil Guidelines for Interstate Supervision

Date: May 8, 1995

The nation's state bank regulators today unveiled guidelines for the supervision of state-chartered banks that operate across state lines. Texas Banking Commissioner Catherine A. Ghiglieri announced the adoption of these guidelines in conjunction with a Washington press conference held today by the Conference of State Bank Supervisors (CSBS), the national association of state officials responsible for chartering, regulating and supervising the nation's 7,680 state-chartered banks.

Since enactment of the Riegle-Neal Interstate Banking and Branching Efficiency Act last year, Commissioner Ghiglieri and her fellow state bank regulators have been working through their association, CSBS, to develop guidelines for the supervision of state-chartered banks that operate interstate. State regulators approved these guidelines unanimously at the CSBS Annual Meeting in San Antonio late last month. The goal of this project was to ensure that the State charter is a viable alternative in an interstate environment.

The guidelines lay out the responsibilities of "home states" (states in which a bank is chartered) and "host states" (states in which an out-of-state bank operates branches) for the supervision of state-chartered banks that operate across state lines. The guidelines create a system of seamless supervision for multi-state banking organizations that ensures safety and soundness, and provides a single point of contact between the bank and its regulators.

Under these guidelines, a multi-state bank will deal only with its "home state" regulator for almost all purposes, including safety and soundness and application procedures. The "home state" regulator of a multi-state bank will assume the primary responsibility for determining the safety and soundness of the institution. It will also handle applications for new facilities, mergers, new powers, and corporate matters.

The home state regulator will consult with regulators from the bank's host states in these processes, and will coordinate the bank's supervision with the host states and the bank's federal regulator. The home state regulator will also actively participate in ensuring the bank's compliance with applicable host state laws. The Riegle-Neal Act specifically provides host state authority to ensure compliance with certain state laws; the guidelines lay out procedures for host states to coordinate these activities with an institution's home state regulator.

Even though Texas has opted out of interstate branching," Ghiglieri said today, "I wanted the Texas Department of Banking to have a voice in the development of this system of supervision of multi-state banks. The cooperation between state and federal regulators required for an interstate branching supervisory system is similar to the cooperation currently required to supervise Texas banks that operate in other states. I believe that this system of seamless supervision ensures that the State charter can continue to be the charter of choice for Texas banks."

The supervisory guidelines are available from Commissioner Ghiglieri at the Texas Department of Banking by calling (512) 475-1300 or writing 2601 North Lamar Boulevard, Austin, Texas 78705.