

Texas Department of Banking

Press Release

Texas Banking Commissioner Endorses Plan to Streamline Bank Supervision

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Catherine A. Ghiglieri, Texas Banking Commissioner, has endorsed two documents that will improve supervision and reduce regulatory burden for state-chartered banks that operate across state lines. At the Annual Meeting of the Conference of State Bank Supervisors earlier this month, Commissioner Ghiglieri joined her colleagues in approving the Framework for a Cooperative Agreement, among state banking departments, and a State-Federal Protocol, among state banking departments, the Federal Deposit Insurance Corporation and the Federal Reserve System, for the supervision of multi-state banks.

The Framework for a Cooperative Agreement outlines procedures for state banking departments to coordinate the supervision of multi-state, state-chartered banks. This will reduce the supervisory burden of these banks by fostering coordination and communication among the states, thus facilitating the examination process, and will enhance responsiveness to local needs and interests in an interstate banking and branching environment.

Each state will be able to tailor an agreement to its own needs, based on the Framework. Agreements may also be designed for specific institutions. States in the Midatlantic and Western regions have already signed specific agreements consistent with the Framework.

The State-Federal Supervisory Protocol establishes guidelines for state supervisors, the FDIC and the Federal Reserve to share supervisory responsibilities among the states and the Federal banking agency that supervises a multi-state bank. The State-Federal Supervisory Protocol lays out a map for regulators to reduce supervisory burden on state-chartered banks by improving coordination and communication, providing banks clarity and consistency in the supervisory process, and setting clear lines of accountability.

"These documents represent landmarks in cooperation, not only among the fifty state banking departments, but also between the states and the federal banking agencies responsible for state bank supervision. Although Texas has opted out of interstate branching, it is important that Texas be a part of any agreement to supervise banks operating in multiple states. The Texas banking system, with \$200 billion in assets, is one of the largest in the country and many out-of-state banks do business in this State. These agreements underscore that the State charter is a viable option for banks operating interstate and that seamless supervision can be achieved in the state banking system."