



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Chief Counsel Julie L. Williams Tells Senate Banking Committee That Unnecessary Regulatory Burden Hurts Both Banks and Consumers

WASHINGTON – OCC Chief Counsel Julie L. Williams told a Senate panel today that unnecessary regulatory burden has significant adverse consequences for both banks and their customers.

“When unnecessary regulatory burdens drive up the cost of doing business for banks, bank customers feel the impact in the form of higher prices and, in some cases, diminished product choice,” Ms. Williams said in testimony before the Senate Banking Committee.

“Unnecessary regulatory burden also can become an issue of competitive viability, particularly for our nation’s community banks, where bankers face competitors that offer comparable products and services but are not subject to comparable regulatory requirements,” she added.

Ms. Williams said regulatory burden is an issue that must be confronted on three levels. First, she said, regulators have a responsibility to ensure that regulations are effective to protect safety and soundness, foster the integrity of bank operations and safeguard the interests of consumers.

In addition, she said, some regulatory burden initiatives require action by Congress in the form of federal legislation. And finally, she added, it is important to recognize that some regulatory requirements that bankers have highlighted involve requirements set by Congress.

“Over the years, those requirements have accreted, and in the disclosure area, in particular, consumers receive disclosures so voluminous and so technical that many simply don’t read them – or when they do, don’t understand them,” she said.

Ms. Williams said it may be necessary to face fundamental questions about the basic approach to regulatory burden, but noted that a responsible inquiry would require much better data than is now available on the costs of complying with individual regulations and the benefits that result. She urged the committee to consider what sort of information and analysis would be needed as a foundation for such an undertaking.

Ms. Williams said the OCC constantly reviews its regulations with an eye toward easing

unnecessary burden. In addition, she said, the OCC recently finalized a rule allowing national banks to file applications electronically, a step that materially reduces paperwork burdens.

Ms. Williams also urged the Committee to consider legislative changes that would:

- Repeal the state opt-in requirement that in many states blocks banks from expanding interstate through *de novo* branches, without first buying an existing bank or branch.
- Allow directors of banks organized as subchapter S corporations to satisfy directors' qualifying share requirements by purchasing subordinated debt instead of capital stock.
- Clarify that, for the purpose of determining Federal court diversity jurisdiction, national banks and federal thrifts are citizens only of the state in which they have their main office.
- Amend the International Banking Act of 1978 to allow the OCC to set the capital equivalency deposit (CED) for Federal branches and agencies to reflect the risk profile of the branch or agency, creating a capital framework for those entities that closely resembles the risk-based framework now applicable to domestic banks.

Attachment: [Speech](#)

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The OCC charters, regulates and examines approximately 2,000 national banks and 51 federal branches of foreign banks in the U.S., accounting for more than 56 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.