



Regulation of Banks

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The banking industry is among the most highly regulated industries in the United States.

- While most banks are subject to the regulatory authority of more than one agency, a bank's primary regulator is determined by whether it is a commercial or savings institution and whether it has a national or state charter. They include:
 - The Federal Deposit Insurance Corporation (FDIC), which is the primary regulator of approximately 3,828 insured state-chartered institutions.¹
 - The Office of the Comptroller of the Currency (OCC), which currently regulates approximately 1,401 national banks.
 - The Federal Reserve, which regulates bank holding companies and is also the primary regulator of 829 state-chartered institutions that are members of the Federal Reserve System.
 - The Dodd-Frank Wall Street Reform and Consumer Protection Act, called for the elimination of the Office of Thrift Supervision. On July 21, 2011, supervisory authority over thrift institutions was shifted mainly to the Office of the Comptroller of the Currency.
- State banking agencies also regulate 4,657 state-chartered institutions.
- Regulators assess a bank's financial health and regulatory compliance through extensive on-site examinations and reports that banks must file containing balance sheet and other information.

While banks support many regulatory reforms, excessive regulation presents significant challenges for our industry and the broader economy.

- As of September 2016, the Dodd-Frank Act has created over 24,400 pages of proposed and final rules for banks.
- The weight of hundreds of new rules creates pressure to hire more compliance staff instead of customer-facing staff. This reduces resources that could serve a bank's customers and community. It means fewer loans get made, slower job growth and a weaker economy.
- While managing excessive regulatory burden is a significant challenge for all banks, it is overwhelming for community banks. The cost of regulatory compliance as a share of operating expenses is two-and-a-half times greater for small banks than for large banks.

Source:

¹ *Statistics on Depository Institutions*, FDIC (Q2 2016). Retrieved from www.fdic.gov