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PA FINANCIAL INSTITUTION ASSOCIATIONS APPLAUD ENACTMENT OF BANKING FUND LEGISLATION

Harrisburg, Pa. – The Pennsylvania Bankers Association (PA Bankers), CrossState Credit Union Association (CrossState) and the Pennsylvania Association of Community Bankers (PACB) applaud Governor Tom Wolf for signing HB 859, introduced by Rep. Delozier (R-Cumberland) into law as Act 39 of 2021. This law - a joint effort between PA Bankers, CrossState, PACB and the PA Department of Banking and Securities (DoBS) – strengthens the state charter and provides for consistent safety and soundness of the banking industry.

In the United States, banks and credit unions have a choice in their primary regulator – federal or state – and this choice allows for healthy competition and growth. Financial institutions that are state-chartered have regionally based examiners, through the DoBS, that know the Pennsylvania market and any local issues banks and credit unions may be facing.

Each year, state-chartered banks and credit unions pay semi-annual assessments to DoBS, which are then deposited into the Banking Fund to pay for the operations of the department and examination and regulation of state-chartered institutions. If needed, the fund can also be used to liquidate a financially distressed, non-federally insured institution using the fund’s Institution Resolution Restricted Account (IRRA).

Over the last two years, two transfers were made from the Banking Fund to the General Fund to supplement the budgets of other governmental agencies.

As a result of Act 39 of 2021, future transfers out of the fund are prohibited if the intent of the transfer is unrelated to the regulation of financial institutions and the protection of their customers.

“PA Bankers applauds the signing of Act 39 of 2021 into law by Governor Tom Wolf,” said Duncan Campbell, PA Bankers’ president & CEO. “As part of a collaborative effort between the state financial associations and DoBS, this act works to strengthen the independence of the Banking Fund, ensuring a strong dual banking system and protection of millions of consumers within the commonwealth.”

“CrossState and our member credit unions strongly support the signing of Act 39,” said Patrick Conway, CrossState president & CEO. “We join our colleagues at other financial institutions in recognizing the need to fund the activities of DoBS, and this new law ensures that member funds will only be used for that stated purpose going forward.”

“HB 859 represents an insurance policy paid for by financial institutions to protect Pennsylvania taxpayers and consumers,” said Kevin L. Shivers, PACB president and CEO. “Community bankers really appreciate the support of Banking Secretary Richard Vague to craft this solution and as well the strong support of Reps. Sheryl Delozier and Brad Roae, and state Sens. Dan Laughlin and John DiSanto for leading this through the state Legislature.”

PA Bankers, CrossState and PACB thank Representative Sheryl Delozier (R-Cumberland) for her sponsorship of this legislation and Senator Dan Laughlin (R-Erie) for his sponsorship of companion legislation in the Senate. Their tireless advocacy is greatly appreciated.

PA Bankers has been bringing banks and bankers together for more than 125 years to learn, grow, serve and engage with their peers, communities and lawmakers. The association has built a strong reputation as a leading advocate for pro-banking policies at the state and federal levels, as well as the delivery of quality education, products and services for banks of all sizes and their employees.

Founded in 1992, the PACB promotes and protects the community banking industry in Pennsylvania and the men and women who work every day to help make the financial dreams of residents in their communities become reality.

CrossState Credit Union Association represents 519 credit unions in Pennsylvania and New Jersey with more than \$63 billion in assets, and is one of the largest regional credit union trade associations in the country.

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