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NEWS RELEASE

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IDAHO FINANCE DEPARTMENT URGES CONGRESS TO PASS REGULATORY RELIEF FOR FINANCIAL INSTITUTIONS AND THEIR CUSTOMERS

DIRECTOR GEE APPLAUDS IDAHO SENATOR MIKE CRAPO'S LEADERSHIP ON U.S. SENATE'S REGULATORY RELIEF EFFORTS

In testimony before the U.S. Senate Banking Committee this week, Idaho Department of Finance Director Gavin Gee urged Congress to pass much needed regulatory relief legislation for the financial services industry. Gee testified at a hearing before the U.S. Senate Banking Committee chaired by Idaho Senator Mike Crapo. Gee represented the Conference of State Bank Supervisors (CSBS), as a past chairman of the organization, as well as the Department of Finance. CSBS is the national association of state officials who charter, regulate and supervise the nation's approximately 6,240 state-chartered commercial banks and savings institutions from all fifty states and the U.S. territories. Gee appeared as a witness along with senior officials from the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of Thrift Supervision, the Office of the Comptroller of Currency, the National Credit Union Administration and the National Association of State Credit Union Supervisors.

In his testimony, Gee offered a number of suggestions that would reduce financial industry regulatory burden, which costs an estimated \$36 billion to \$44 billion per year. This is money that financial institutions could better utilize by making more small business and housing loans, enhancing economic development, and returning to consumers in the form of reduced fees. Some of the specific examples Gee offered included: extending the regulatory

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examination cycle for well-managed community banks from twelve months to eighteen months, allowing well-capitalized and well-managed community banks to file a streamlined report of financial condition every other quarter, and exempting certain financial institutions from some of the provisions of federal law that require financial institutions to send annual privacy statements to all of their customers. "It is widely held that most customers do not read such privacy notices, which are usually written in complicated legalese and only end up in the trash," said Gee. "Yet financial institutions spend millions and millions of dollars on such notices."

Senator Crapo provided an excellent example from an Idaho community bank about the costs of such notices when he said, "One community banker in Idaho told me his bank spends an estimated \$15,000 per year mailing approximately 50,000 privacy notices. In 2004, his bank received one customer call in response to his bank's privacy notice mailing and received no customer responses in 2005. Another banker in Idaho said that customers do not read the annual privacy notices; most end up in the garbage."

At the hearing Gee complimented Senator Crapo for his leadership in taking the primary responsibility for fashioning regulatory relief legislation in the Senate. Gee urged Congress to act quickly on regulatory relief because "every day we delay in providing such relief, only results in unnecessary and burdensome costs to financial institutions and their customers."

Gee's testimony, along with testimonies of the other witnesses, can be accessed at <http://banking.senate.gov>.

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