Maryland Consumer Rights Coalition

Testimony to the Senate Finance Committee
SB 14 : Financial Institutions - State Banks, Trust Companies, and Savings Banks - Incorporators
Position: Unfavorable

January 22, 2020

The Honorable Delores Kelley, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in opposition of bill SB 14.

Through our organizational work, we witness the impact financial institutions have on low-and moderate-income (LMI) communities. We have seen financial institutions forgo significant investment in LMI communities and have noted a distressing lack of representation and diversity within these institutions' staffing, programming, and products. The state should aim to increase the diversity and representation of those incorporating a bank in order to address the current issue of underrepresentation. However, this bill reduces the number of incorporators and number of required Maryland citizens required to incorporate, and therefore reduces the opportunity to increase representation, further removing the administrative body from the constituents these institutions are meant to serve.

At a time where there is national level concern over reductions in bank regulations, the state should not take further steps to reduce administrative oversight. The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) have issued a notice of proposed rulemaking that would considerably weaken regulations implementing the Community Reinvestment Act (CRA), a law designed to combat redlining by requiring banks to affirmatively and continually meet community needs for credit and banking services in LMI communities. [1] With this national level weakening of CRA, financial institutions face

1 https://ncrc.org/initial-ncrc-analysis-of-the-fdic-and-occ-notice-of-proposed-rulemaking-concerning-the-community-reinvestment-act/

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fewer regulations governing their investment in LMI communities. In a climate with fewer bank regulations, MCRC is concerned with the weakening of administrative oversight. We oppose SB 14 and urge an unfavorable report.

Best,

Marceline White
Executive Director