

An Honest Comparison of Supervisory Framework Industrial Banks vs. Bank Holding Companies

The Bank Policy Institute (BPI) recently distributed incorrect information regarding industrial banks and bank holding companies. The following comparison provides accurate information:

SUPERVISORY REQUIREMENT	INDUSTRIAL BANK PARENTS	BANK HOLDING COMPANIES
Federal (FDIC, Federal Reserve or OCC) and state regulation of transactions and relationship between a bank, its owners and affiliates		
Federal and state agencies regulate owners activities relevant to the bank		
Federal regulators possess tools and authorities to protect bank from owner's actions		
Federal and state regulators have statutory authority to examine bank owners and affiliates		
Federal and state regulators require the bank owner to provide necessary capital or liquidity to bank		
Regulators have statutory authority to prevent potential monopolies or other market distortions		
Bank owners are required to provide information to regulators to ensure compliance.		
Rigorous standards are imposed on bank owners for safety of the US banking system		

AN HONEST COMPARISON

Industrial Banks and Bank Holding Companies



National Association of Industrial Bankers

SUPERVISORY REQUIREMENT	INDUSTRIAL BANK PARENTS	BANK HOLDING COMPANIES
Federal privacy and data security rules are imposed on bank and regulators impose requirements on owners if processing data for bank		
Regulators conduct examinations on bank to ensure adequate safeguards on data security		
Regulators require bank owners to serve as a source of strength to the bank to prevent costs to taxpayers should the bank fail		
Regulators impose a "bank centric" model that requires owners to isolate the bank from problems with a parent/affiliate or requiring bank holding companies to sell assets to raise capital for the bank		
Regulators can apply the Volker Rule to owners and have other powers to prevent risky behavior by bank officials		
Banks required to comply with the Community Reinvestment Act (CRA)		
As owners of the bank, parents and bank holding companies are required to contribute additional capital and liquidity if regulators determine the bank needs it		
Regulators can issue cease and desist orders, assess civil penalties, and issue orders of prohibition of control - against organizations and individuals		