

he points out is that state-originated innovations, the laboratory of the states idea have brought out NOW accounts, expedited fund availability, truth-in-savings laws, credit card disclosure laws, electronic fund transfer laws. In other words, because innovation happened locally, laws changed to accommodate those local changes, and the earliest pieces of legislation in a great variety of banking areas came out of states taking care of state-regulated institutions, and those include some of our strongest consumer-based legislation. Our director also indicates that one of the negative impacts of the federal legislation is basically just take the states completely out of the business of regulating interstate banking. We have regional compacts. We have understandings with other states that allow our banks to go to those states, if their banks can come into ours. All of those kinds of reciprocal arrangements are basically preempted by the federal government under their language. A third thing that the federal legislation does is to curtail FDIC money. This is insurance coverage for deposits. In the event FDIC coverage is curtailed, what will happen is that banks will move their deposits up the chain of their control to large banks considered too big to fail. That is the phrase that is used to describe these kinds of banks, banks that are too big to fail. If you can't protect a deposit, get it into a bank that is too big to fail. Two things happen. First, you curtail FDIC coverage for actual customers, and they don't get it. And, secondly, in order to give yourself some assurance, you move it into a really high-risk venture of moving deposits into large deposits in banks supposedly too large to fail. That, as we know from recent years, is a happy belief but is not always true. There are banks that are big and they do fail, and as an outcome, the federal legislation may lead us to having placed more deposits in that kind of a risky situation. Director Hansen suggests that where there have been problems, they are not the basis of concluding the state system of regulation has failed. For example, and this is only analogous, it is not directly on point, the Franklin scandal in this state is not a state-chartered institution. It is not overseen by our State Department of Banking. It is a federal institution, and in that sense gives you a feel for the lack of oversight that sometimes occurs at the federal level. I would urge the adoption of the resolution, and the resolution, if you will check on 2671, basically supports the concept of dual banking system, and that means federal regulation of national banks, state regulation of state banks. We have 280 state-chartered commercial banks in this state. They have roughly \$8 billion in