



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC SEEKS COMMENT ON NEED TO REGULATE BANK INVOLVEMENT IN NON-BANKING FINANCIAL SERVICES

The FDIC Board of Directors today approved for publication an Advance Notice of Proposed Rulemaking soliciting comment on:

1. the need to regulate the direct or indirect involvement of insured banks in real estate or insurance brokerage and underwriting, data processing services, travel agency activities, and other financially-related activities, and
2. what limitations, if any, the FDIC should impose on the ownership of insured banks by companies engaged in such "non-banking" activities.

The purpose of the notice is to involve interested parties in an FDIC review of developments that are transforming the environment in which insured banks function. The erosion of the traditional boundaries distinguishing banking from other financial services and from general commerce is proceeding at an accelerating pace. Cross-industry acquisitions continue to increase, banks are expanding into new product markets, and state legislatures are authorizing state-chartered banks to engage in activities previously considered non-banking.

"The FDIC has both the responsibility and the authority to carefully weigh these developments in its capacity as a supervisor of insured nonmember banks and insurer of the nation's banking system," the FDIC Board said.

"The FDIC is committed to a dual banking system and is mindful of the issues raised by any effort by a federal agency to review the propriety of banks engaging in activities authorized by their states. At the same time, the FDIC cannot lose sight of its obligation to monitor marketplace developments and changes in law in order to assess their potential impact on bank safety and soundness."

The text of the notice, which includes a series of questions to which the FDIC specifically invites response, is attached.

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Distribution: Insured Banks