



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC CHAIRMAN POWELL ADDRESSES CONCERNS ABOUT EXPANDED POWERS FOR INDUSTRIAL LOAN COMPANIES**

### **FOR IMMEDIATE RELEASE**

Federal Deposit Insurance Corp. Chairman Don Powell today addressed concerns that legislation to expand the authority of Industrial Loan Companies (ILCs) would result in unfair competition and unsafe practices. At issue is legislation that would allow ILCs, which typically are limited-purpose lending institutions owned by commercial firms, to be equal with banks when it comes to powers such as interstate branching and paying interest on business checking accounts.

Chairman Powell, in a speech today, addressed the issue of safety and soundness as a concern by stating, "Let me be very clear: The ILC banks are subject to the exact same regulatory oversight and laws as the other 5,000-plus banks and thrifts for which the FDIC is the primary supervisor" in areas such as capital standards, consumer compliance, community reinvestment, and limits on transactions with affiliates and insiders. "All this makes the point that these organizations are rigorously and sufficiently supervised by the state supervisors and by the FDIC on an ongoing basis."

While the FDIC has not staked out a position on the spectrum of banking and commerce, Chairman Powell did state that "we at the FDIC have not identified any safety and soundness concerns unique to ILCs, and are certain that we have the tools and the ability necessary to sufficiently supervise them." He indicated that this issue would be looked at closely in the FDIC's Future of Banking study. Chairman Powell concluded his remarks to the annual meeting of the Conference of State Bank Supervisors by thanking the state supervisors.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Attachment: Donald E. Powell Chairman Federal Deposit Insurance Corporation The ILC Debate: Regulatory and Supervisory Issues Remarks Before the Conference of State Bank Supervisors May 30, 2003, Asheville, NC