



SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

**Policy and Planning Committee
MINUTES**

Wednesday, March 4, 2020

10:00 A.M.

**Wade Hampton Office Building, Governor's Conference Room
Columbia, South Carolina**

The Policy and Planning Committee of the State Board of Financial Institutions met on March 4, 2020.

Members present: Messrs. Strickland (Chairman) and Windley.

Mr. Walters could not attend.

Others in attendance: Commissioner Ron Bodvake, Commissioner Rick Green, Howard Wright, Deputy Commissioner Kathy Bickham, Deputy Commissioner Quinton Creed, Deputy State Treasurer Cynthia Dannels, Deputy General Counsel Bill Condon, Deputy General Counsel Shawn Eubanks, Finance Specialist Cameron Larkin and Board Administrator Alicia Sharpe.

The Chairman proposed adding section 4.3 *Expansion of SC Banks and Credit Unions* to the March 4, 2020 agenda that had been posted pursuant to FOIA. **The Agenda, as modified, was approved by General Consent.**

The November 21, 2019 Committee Meeting Minutes will be addressed at the next meeting.

There were no member **recusal or conflict of interests** disclosed or identified.

Discussion of New Business

Deputy State Treasurer Cynthia Dannels reviewed the BOFI Mission Statement proposed revision with the Committee. There was collaboration with the Commissioners to draft the proposal and research into mission statements for similar agencies in other states has been performed. Ms. Dannels will schedule a call with Dan Walters to review before there is a vote.

Board Administrator Alicia Sharpe requested that the date of the next Committee meeting be changed from Wednesday, May 6th to Wednesday, May 20th to accommodate the Commissioners' Performance Review discussions.

On motion of Mr. Windley, duly seconded by Mr. Strickland and unanimously carried, the Committee voted to change the Policy and Planning Committee meeting from Wednesday, May 6, 2020 to Wednesday, May 20, 2020.

Commissioner Green and Committee members discussed how to move forward with increasing the number of Banks and Credit Unions chartered in South Carolina by BOFI.

Commissioner Green and the committee discussed that banks still being regulated by the Office of the Comptroller of the Currency (OCC) include three national banks and several federal thrifts.

The appropriateness of recruiting to convert was discussed. Commissioner Green has some apprehension about actively recruiting other regulators' supervisees and will proceed with caution but encouraged Board members to drive conversations with national bank leaders to understand why they are national banks.

Barriers and concerns about converting were discussed. Senate Bill S1115 provides a pathway for a bank chartered in another state to convert to a SC state-chartered bank where this has been a barrier previously. It was recommended that the Commissioner determine whether a national bank could convert to a state bank and legally keep "national" in its name. Name changes may result in an institution incurring additional costs.

The annual fees charged by BOFI to a SC-chartered bank are lower compared to the fees charged by some other state banking regulators and the OCC. This makes the SC charter a value. The relationships between a bank and its regulator is an important factor in why a bank would choose to convert and especially relocate to SC. Proximity of the regulator also is an advantage for the state charter since SC is in the OCC's New York District.

Commissioner Green will continue building relationships especially with banks that don't know the Commissioner and the work that the Banking Division performs. The Committee will continue this discussion.

Commissioner Green will forward the fee structure table that outlines fees an institution would pay in several surrounding states and as a national bank.

Commissioner Green stated that, compared to federal credit unions in SC, very few state-chartered credit unions. Commissioner Green shared with the committee that credit union industry stakeholders have shared with him that barriers to converting from a federal credit union to the state charter include:

1. South Carolina state-chartered credit unions must comply with the Consumer Protection Code and federal credit unions are explicitly exempt. As a result, state-chartered credit unions can only charge a late fee up to \$18.50 where federal credit unions do not have the same limits.
2. Federal credit unions do not have to pay sales tax and state-chartered credit unions do.

3. There are perceived disadvantages to being a state-chartered credit union due to the composition of the Board of Financial Institutions and Board approval requirements.
4. There are perceived barriers to field of membership expansion.

The Committee took no action concerning its discussion about increasing the number of state-chartered banks and credit unions in S.C.

Announcements

The next committee meeting is scheduled for Wednesday, May 20, 2020.

There being no further business, the meeting was adjourned by acclamation at 12:45 PM.