

Opening Statement

Congressman Paul E. Gillmor (R-OH)

Subcommittee on Financial Institutions and Consumer Credit

September 22, 2005

Hearing entitled: "H.R. 3505, Financial Services Regulatory Relief Act of 2005"

I want to thank Chairman Bachus for calling this hearing today. There is no doubt that our financial regulatory structure has contributed to the United States becoming the model for the world when it comes to financial services, but without constant attention to the burdens of outdated rules and regulations, the markets can be dragged down by unnecessary costs. Last Congress, the House passed H.R. 1375 with bipartisan support and it is my hope that in the 109th Congress, our Committee will again pass measures to provide regulatory relief to our banks, thrifts and credit unions.

Much of the problem with the current regulatory structure is that small banks are treated as large banks in a "one-size-fits-all" approach. Whether it is provisions of the USA-Patriot Act or Sarbanes-Oxley mandated internal control standards, small banks have faced enormous, and perhaps unnecessary, new cost in complying with these cumbersome regulations.

I am pleased to see that the Hensarling bill incorporates my compromise with Ranking Member Frank regarding so called industrial loan companies, or ILCs. It remains my belief that these institutions need to be reigned in and that the historic wall separating banking from commerce must remain intact. I am aware of the fact that not all financial holding companies are supportive of our efforts to reduce the powers of the industrial loan charter, but requiring them to fit a Gramm-Leach-Bliley type test for *de novo* branching privileges is modest reform.

I look forward to working with Chairman Oxley and Chairman Bachus in again passing regulatory relief measures so that our depository institutions may remain the most efficient in the world.

###