

Madam Chair,

Thank you for the opportunity to provide written testimony concerning S.18, An Act Relating to Consumer Justice Enforcement. My comments will focus on page 4 of the bill, specifically (e)(1)(A) and (B). S.18 should look familiar to those returning Committee members since in large part it is the same bill that passed both the House and Senate during the 2018 legislative session. As in last year's bill, S.18 contains language that would exempt those entities regulated by the Department of Financial Regulation and financial institutions as defined in Title 8. Why is that the case?

Over many years when meeting with your Committee, you have heard me speak of numerous regulations banks must comply with both at the state and federal level. Aside from health care and insurance, I cannot think of another industry that is as heavily regulated. Many of those regulations focus on issues such as safety and soundness; sound lending practices; basic banking services; and yes, consumer protection. Banks are subject to routine examinations every 12 to 18 months. During those exams, our regulators have the ability to go through every file and document pertaining to the bank and their customers. Included in that review are contracts used by the bank. If the regulators determine those contracts are not acceptable, including the terms; or fail to meet our regulatory obligations, the bank would be required to change the documents. Evidence of those changes would have to be provided to the regulator as part of the bank's response to the examiner's report.

It is important to also state, change does not have to wait until an exam occurs. If a consumer complaint is filed against a bank, the regulator will begin a process of reviewing the case to determine what if any corrective action needs to be taken. I should pause for a moment to state, our regulators include: the Department of Financial Regulation; the Office of the Comptroller of the Currency; the Federal Reserve; the Federal Deposit Insurance Corporation; and the Bureau of Consumer Financial Protection. It is also important to know that in Vermont, unlike some other states, banks are also subject to the Unfair and Deceptive Practices Act.

With this as background, you can see why last year and again this year, we asked for the exemption language to be included in the bill. Consumer protection exists related to the banking industry given the ongoing examination by our regulators. Therefore, we ask the House Judiciary Committee to keep (e)(1)(A) and (B) in the bill as passed by the Senate.

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