



MISSOURI SENATE

JEFFERSON CITY

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**A Weekly Column for the
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Governor Signs Banking Bill

JEFFERSON CITY – Governor Matt Blunt this week signed legislation I sponsored which will prevent large corporations like Walmart from opening branch banks in Missouri.

Senate Bill 892 prohibits industrial loan companies and industrial banks from operating in Missouri. Industrial loan companies, or industrial banks, were created a century ago to make loans to workers. However, industrial banks can accept deposits and lend money, creating the possibility of the world's largest retailer opening branch banks in more than 3,300 stores across the country.

This special type of bank, permitted in a few states, is allowed to take deposits, make loans, and engage in other banking business without the regulatory oversight of the Federal Reserve that applies to traditional banks.

Walmart is attempting to charter a bank in Utah to handle the 140 million credit, debit and electronic check payments the company processes every year. It's an effort by the company to save millions of dollars in fees it now pay to process these transactions.

Lawmakers in Missouri, California, and other states have responded by passing legislation to prevent industrial banks from operating and driving local community banks out of business. Even Federal Reserve Chairman Ben Bernanke has expressed concern about commercial retailers operating banks.

"Congress has affirmed the principle of keeping banking and commerce separate," Bernanke told the Independent Community Bankers of America in March.

In 2002, Walmart failed to open a bank in California because state lawmakers passed legislation to prevent the company from buying an Orange County industrial bank.

This year Missouri lawmakers unanimously approved SB 892 and Governor Blunt signed it into law this week.

If you have questions or comments about this or any other issue, please feel free to contact me at 573-751-8793 or by e-mail at: delbertscott@senate.mo.gov.

Senator Delbert Scott represents the people of Barton, Benton, Cedar, Dallas, Henry, Hickory, Pettis, Polk and St. Clair counties in the Missouri Senate.