

Testimony before:

**Pennsylvania House of Representatives
Judiciary Committee**

**The Honorable Thomas P. Gannon
Chairman**

April 8, 1998

Presented by:

**Thomas Bailey
President
Brentwood Savings Bank**

On Behalf of:

Pennsylvania Association of Community Bankers

Good morning! My name is Tom Bailey and I am the President of Brentwood Savings Bank. Brentwood is a \$170 million, 35 employee institution, operating out of two branches in Pittsburgh's South Hills. We are a member of the Pennsylvania Association of Community Bankers and I come to you today as a member of PACB's Legislative Committee.

To its benefit Pennsylvania has an extensive network of community banks. Community banks are unique in that we maintain a hometown commitment. Our decisions are made locally so that we can respond to individual needs within the local economy. We offer a full line of quality financial services, and boast the same high tech amenities offered in our nations largest financial conglomerates; Yet we offer these services with a personal touch that can only be found at your "hometown" bank.

As community banks we are proud of our reputation. We also look to a bright future where neighbors can continue to benefit from the community bank option. I am here to talk about my marketplace in general and HB 2114 specifically.

As a smaller institution my bank, and most community banks, face very real challenges. Because of our limited size in terms of man power, each new regulation presents an increasing demand for additional employees and, consequently, increased costs to consumers. As you move forward on your deliberations on HB 2114 or any legislation for that matter, I urge you to take a keen look at the costs and benefits of the proposal. HB 2114 would indeed increase my operations cost and would provide very little in terms of new and necessary consumer protections.

HB 2114 mirrors very closely the Federal Fair Credit Reporting Act. It institutes much of the same consumer protections already outlined in the federal legislation, yet it does not rely on the same federal disclosures to satisfy the reporting provisions of the law. Also, it establishes a duplicate system of recourse which a consumer can choose to exercise their rights under the law - two separate and distinct mechanisms serving identical purposes. The system we would create through the passage of HB 2114 would produce greater jurisdictional confusion and arguably complicate what should be a very straight forward procedure. The additional disclosure requirements as outlined in section 207 (c) would also serve to confuse a consumer who already faces a barrage of paperwork and disclosures as they proceed through what has become a very complicated loan process.

Another perspective that concerns our industry is that in any proposal there are inherent flaws or issues that require attention and alteration over time. While HB 2114 mirrors the Fair Credit Reporting Act (as both

exist today), there will certainly be changes made to both over time. As much as we are concerned with the duplication and increased regulatory burden HB 2114 would present to our industry, we are much more concerned about a future where the two laws diverge leaving us to comply with two separate and distinct sets of rules authorizing two separate and distinct systems carrying out primarily the same mission. We strongly suggest that if this legislation does move forward, that an amendment be offered that would automatically yield state law to the federal standard.

In closing, let me say that we rely on the credit reporting industry to provide accurate data, which we use to make daily business decisions. Erroneous data may cost us customers or introduce increased risk to our loan portfolio. Our industry has a vested interest as an advocate for accuracy in credit reporting, however, HB 2114 will not provide additional protection to consumers, nor will it necessarily increase the accuracy of the consumer's credit data. It will indeed increase the cost to Pennsylvania's businesses, and will increase the demands on our judicial system. While HB 2114 is founded in good intent, we question whether its results would truly offer the public additional benefits. PACB urges this committee to take a diligent look at this policy initiative. Evaluate it carefully. We believe you will find the Federal Fair Credit Reporting Act to provide adequate protection to consumers, and, therefore, eliminate the need for this bill.

Thank you for your time and the opportunity to present our opinions to this committee. I would be glad to answer any questions you might have.