

**STATEMENT**  
**PETER T. KING**  
before the  
**COMMITTEE ON FINANCIAL SERVICES**

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April 1, 2004

Thank you, Chairman Oxley.

Comptroller Hawke, I would also like to welcome you to the Committee and certainly look forward to your testimony.

As a Representative from New York, I have a strong interest in protecting the banking and consumer protection laws enacted in my State. That is why I joined several of my colleagues in letter to you, dated December 1, 2003, expressing concern with your proposal to exempt national banks from most state laws.

The rule, which went into effect February 12, 2004, could have profound implications on our dual banking system and enforcement of consumer protections in the states. Preempting state regulatory and enforcement laws is a serious action that, in my opinion, should be examined by the Congress and not enacted through regulation.

I do, however, believe the OCC has touched upon a serious issue important to this country's system of banking. The expansion of national banks across state lines offers consumers financial products that may not be available within their particular state. Although I believe this is beneficial for consumers, reconciling the desire for uniform consumer laws with strong consumer protections should be addressed legislatively.

In addition to the forum where this decision should be made, I am concerned about the consumer protections afforded under this rule in lieu of the protections enacted at the state level. Specifically, I am curious to see how the OCC matches the resources of state banking departments, consumer credit divisions and offices of state attorneys general that work to identify fraud and abuse.

Increasing your portfolio of regulatory responsibilities will certainly strain your budget. I hope this does not force the OCC to divert resources from their other responsibilities, or fail to enforce consumer protections as diligent as the states.

Lastly, I am interested in hearing an update on the Basel negotiations. As you know, the Basel Capital Accord establishes the amount of capital internationally active banks must hold in relation to various assets on their balance sheets. There is concern that, as drafted, Basel II could adversely impact competition, is overly prescriptive, and mandates excessive capital charges for operational risk. You have called Basel II "mind-numbing in its complexity" and "complex far beyond reason." I hope you will expand upon those remarks and discuss the concerns Basel II presents to the US banking industry.

Thank you again, Comptroller Hawke, for your participation today and I yield back the balance of my time.