

All Banks Are Regulated Equally

All institutions operating under a bank charter are subject to the same fundamental federal regulation and the same federal or state supervision and enforcement powers, irrespective of whether a bank's holding company is subject to regulation under the Bank Holding Company Act.

Regulation

Limited purpose banks – credit card banks, trust banks, federal savings banks, and industrial loan companies – are “banks” for purposes of every federal banking law except for the Bank Holding Company Act, including the following:

- Bank Secrecy Act
- Equal Credit Opportunity Act
- Community Reinvestment Act
- Home Mortgage Disclosure Act
- Minimum capital requirements
- Federal Reserve Act Sections 23A and 23B (affiliate transaction rules)
- Regulations regarding loans to officers, directors, and principal shareholders
- Truth in Lending Act
- Truth in Savings Act
- Fair Credit Reporting Act
- Fair Debt Collection Practices Act
- Gramm-Leach-Bliley Act and implementing regulations regarding privacy of consumer financial information
- Prohibitions against employing persons convicted of certain crimes

Examination

Limited purposes banks are subject to the same periodic examinations, reporting requirements, investigations, and other supervisory activities conducted by their primary banking regulators as other banks.

Enforcement

The federal banking agencies have available a range of tools for enforcing the laws, regulations, and agency guidance applicable to banks, including limited purpose banks. As with other banks, limited purpose banks may be subject to capital directives, prompt corrective action directives, cease and desist orders, civil money penalties, and suspension and removal procedures initiated against institution affiliated parties.