

Founded in 1904, United Bank is located in south Alabama along the Florida state line. Over that 100 year period, our bank has served customers in both Florida and Alabama. The inability to reach across the political border between these adjoining states has been a challenge. In today's competitive environment, the ability of a state-chartered banking franchise to effectively compete with other charters due to regulatory advantages is important. Currently the advantages granted to other charters create an unlevelled playing field.

An example of this competitive advantage was brought home when United Bank sought approval to operate an ATM in the small town of Jay, Florida. United Bank has served primarily farm customers in this market for many years. Due to the lack of banking services in this market, a small business owner had purchased an ATM and was operating it out of their business. The bank was serving the credit needs of customers through a loan production office. When contacted about the requirements of an out of state bank operating an ATM, the Florida Banking Department informed the bank that since United Bank was state chartered in another state, operating an ATM was not permissible. Due to this restriction, United Bank was not able to provide this requested service. It was later brought to our attention that national banks did not encounter the same restriction, Florida law is preempted for national banks. At the same time non-bank competitors also enjoy the same freedom to operate across state lines without interference.

The existence of a dual banking system is dependent upon parity of charters. When one charter provides a clear competitive advantage, prudent banks will reevaluate the choices and select charters which provide the

structure to operate a business model that will insure their success. Currently, for banks that need to operate across state borders that preference is toward the national charter. Parity between state-chartered banks and national banks in interstate activities and operations is important. Further, it should be clearly established that a state bank's home state laws govern interstate activities and their subsidiaries to the same extent that the National Bank Act governs national bank's interstate activities.

The FDIC is requested to adopt rules that clarify the ability of state chartered banks operating interstate be governed by a framework of law and regulation that will permit them to compete with national banks.

Robert R. Jones
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