LABI wants restrictions on multibanking removed

Capitol news bureau

The Louisiana Association of Business and Industry will support legislation to remove state-imposed restrictions on inter-parish banking, LABI President Ed Steimel announced.

In making the announcement, LABI said "the multibanking issue has risen to the level of the next order of business in strengthening Louisiana's economic thrust forward."

Steimel said LABI will not take the lead in multibank legislation nor will it draft any bills on the subject. However, Steimel said LABI will respond to legislation that may be drafted on the issue because it has become convinced that removal of inter-parish restrictions to banking in Louisiana is "a positive step toward healthy economic growth in Louisiana."

In its statement of support LABI's executive committee said: "For this legislation to serve the economic well-being of Louisiana, it must be considered from the standpoint of the banking public, not just from the standpoint of bankers. Thus far, the strongest proponents and opponents have been almost exclusively bankers."

"Undoubtedly the removal of regulations will expose some weak banks to the harsh realities of competition while the better managed banks should survive and perhaps grow stronger. But that is the nature of the free market system, and after the shakedown period, the banking public should be better served."

Generally the state's smaller banks have opposed lifting restrictions which prohibit banking across parish lines because they fear that they will be gobbled up by larger banks.

Banks pushing the move maintain lifting of the ban will allow the pooling of more financial resources to support economic expansion throughout the state and handle the large loans needed by many Louisiana industries. They also contend that customers will receive better services.

The LABI executive committee said the rapid removal of federal banking regulations and the emergence of interstate banking further prompted its decision to favor removal of inter-parish regulations.

"LABI does not view this issue as being as large an impediment to economic growth as certain other issues we have advanced in recent years; however, with the removal of so many other economic impediments, the multibanking issue has risen to the level of the next order of business in strengthening Louisiana's economic thrust forward," the committee statement said.