

Bank Membership Benefits and Process

Federal Reserve System Membership

Any financially sound, state-chartered bank—including a de novo—can become a Federal Reserve System member. Twelve district Reserve Banks supervise state member banks as part of the Federal Reserve System’s mission to promote a safe and sound financial industry. Examiners review several factors when determining membership, including Section 208.3(b) of Regulation H.

Reserve Bank supervision is performed in partnership with state regulators. Through its decentralized structure and efficient technology, the Federal Reserve uses a risk-focused, tailored approach to achieve supervisory efficiency and consistency. Although Federal Reserve services (such as the discount window) are available to all financial institutions, state member banks see a range of benefits, including:

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- **Efficiency:** A bank and holding company structure can reduce the number of federal supervisors from two to one. The Federal Reserve also uses technology to conduct off-site examination work, lessening the administrative burden on banks. Filing a Reserve Bank member application does not require public notice, and completing the membership applications does not require a post-approval waiting period.
- **Tailoring and Consistency:** The size, condition, and complexity of the organization determine the supervisory program. The frequency of the examinations depend in part on the bank’s asset size and prior examination rating. As an apolitical organization, the Federal Reserve works to ensure a consistent supervisory approach that emphasizes controls and risk management in addition to financial performance.
- **Financial Benefits:** The Federal Reserve does not charge application filing or supervision fees for institutions with less than \$100 billion in assets, although filing and legal fees might be associated with submitting applications with the state where the charter is filed. Member banks enjoy financial flexibility through the holding company structure, are able to engage in various nonbank activities, have expanded investment opportunities, and can see possible tax benefits. Member banks receive dividends from the stock they hold at the Federal Reserve Bank of Atlanta.
- **Relationships:** Reserve Bank leadership seeks member bank feedback on examination and supervisory processes. The Reserve Bank ensures member bank management has a dedicated, reliable, and knowledgeable relationship manager as its central point of contact as well as direct access to Reserve Bank senior management. The Federal Reserve System’s structure, with its local access and decision-making authority, allows us to respond in real time to questions, issues, or concerns.

- **Staff Expertise:** As a result of its experience and ongoing training, Federal Reserve staff are extremely knowledgeable and thus well suited to supervise large, complex, regional, and community banking organizations.
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Application Process—Supervision, Regulation, and Credit

Contact the Federal Reserve Bank of Atlanta to discuss benefits and identify any perceived hurdles early in the process. Bank management may meet with our Applications, Legal, Safety and Soundness, Consumer Affairs, and Risk teams. Depending on the situation, an examination might be necessary prior to membership.

We encourage you to contact either:

Steve Wise, Vice President, Community and Regional Banking (404-498-7351)

John Pelick, Vice President, Supervision and Regulation, Consumer Supervision (404-498-7163)

Erien Terry, Assistant Vice President, Applications (404-498-7106)

You can find and complete the application here: <https://bit.ly/3jUVGA6>