

# Bank Executive Officer

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## Definition

A bank officer is an employee of a bank given the legal capacity to agree to and sign documents on behalf of the institution. The title is usually held by branch managers, assistant managers, loan officers, and other experienced personnel.

## What LB 341 does

This legislation would allow a bank to have an opt-out provision so its executive officers could be exempt from the requirement to apply for and obtain a license from the Department of Banking. Under current law, any person who directly or indirectly makes loans or investments for a state-chartered financial institution, who is involved in management functions or substantial employee supervision is required to obtain an Executive Officer's License.

## State Specific Information

Nebraska is the only state in the country that has an Executive Officer's License. This license only applies to state banks. National banks operating in Nebraska are not subject to this licensing law because the Department of Banking does not regulate national financial institutions. This means that in many cases, this license is required of one bank while the other bank on the same street or in the same town isn't required to comply. In 2016, Nebraska had 166 state-chartered banks and 24 federally chartered banks in the state. This does not include national banks not headquartered in Nebraska which would include Wells Fargo, U.S. Bank, Great Western Bank and Bank of the West. The map below shows the locations of all the state-chartered banks in Nebraska (this does not include all branches).

Member banks of the Nebraska Bankers Association have suggested for many years that the Executive Officer's License requirement does not serve any meaningful purpose, and should be eliminated.

According to the Nebraska Bankers Association, enforcement actions brought against executive officers for violations of the law have been few and far between. In addition, over the past 20 years, very few individuals have been denied the right to obtain an Executive Officer's License, due to issues uncovered during the application process. As a result, the Nebraska Banking Association feels the regulatory burden associated with this licensing requirement far outweighs any benefits derived from its existence.



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