MAINE BANKERS
Association

February 4, 2025

Testimony to the 132nd Maine Legislature
Committee on Health Coverage, Insurance, and Financial Services

Good afternoon, Senator Bailey, Representative Mathieson, and honorable members of the Committee. My name is Josh Steirman and I am here on behalf of the Maine Bankers Association; we are the trade association representing 34 retail banks operating across the State of Maine, with over 9,000 employees in virtually every community state-wide. Last year, our banks provided over $2.5 billion in residential real estate loans, and over $3.2 billion in small business loans. Banks are deeply embedded in their communities: last year, bankers volunteered over 145,000 hours, and donated over $18 million to charitable causes. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

Today we are testifying Neither For Nor Against L.D. 201, *An Act to Establish a Limit on the Interest Rate Charged for Revolving Loans*, although we do wish to express some concerns for how this legislation may impact the availability of financial services for Maine consumers.

Although today's interest rate environment may feel elevated compared to recent years, in broader context interest rates today are relatively low. For example, home mortgage rates in the early 1980's routinely exceeded 20%. In that time period interest rates for deposits were also relatively high. So although an interest exceeding 25% sounds outlandish in 2025, it is possible that there might be a time when such rates are once again simply a reflection of global market realities.

Today, I am unaware of any Maine bank charging in excess of 25% on any product. That is a reflection of banks working to give customers competitively priced products within a crowded competitive landscape. Largely, these rates are driven by forces outside our state in a globally connected world.

Philosophically, we are deeply skeptical of legislative efforts to regulate market pricing. Such efforts are anti-capitalist and in opposition to free market principles which have underpinned American prosperity.

Finally, we note that such a law has the potential to handicap locally-based institutions. This type of regulation is unlikely to apply to national banks based in other states because of the "Rate Exportation" concept in the National Bank Act, where a national bank can utilize nationwide the interest rate laws and regulations of its home state. We believe that similar regulatory treatment for similar activities should be pursued across different types of bank charters and regulatory structures.

We thank the Committee for its consideration and are happy to answer any questions.

Respectfully Submitted,
Joshua Steirman
Director of Government Relations