

SB 157 Success Story: Increased Liquidity - Game Changer for Customers and Community

“This has been a game changer for our bank,” stated Neil Stevens, President & CEO, Oconee State Bank in Watkinsville, referring to the impact the passage of SB 157 has had on his bank’s liquidity ratio.

According to Mr. Stevens, Oconee State Bank has seen \$100 million in loan growth over the last 18 months and a large part of the bank’s liquidity was tied up due to having to meet the pledging requirement for public funds.

SB 157 has allowed Oconee State Bank to compete and grow their loan portfolio without having to pledge those securities or secure alternative funding sources such as borrowing money or slowing down loan growth.

In December, the bank was able to eliminate its 110% pledging requirement on a substantial amount of public fund deposits, which improved the bank’s liquidity ratio tremendously. The bank is about to convert another public entity to the program, which will free up another \$30 million of liquidity.

What’s more important, the new process was a definite win for the government entities as the new system will reduce steps and make it more efficient for the public entities, explained Mr. Stevens.

“My advice to other banks is to have patience. Educating the customer on the new process is critical,” said Mr. Stevens. “It is totally worth it to take the time on the front end to get it set up correctly. The regulators were also pleased to see the increase in our liquidity ratio. It helped us because we did not have to find alternative sources of funding, which would be much more expensive.”

According to Lori Godfrey, CBA’s Chief of Staff and EVP of Government Relations, “community banks make up 98% of Georgia’s banking industry; however, they have less than 20% of all municipal deposits in the state. The pledging requirements promulgated and ultimately managed by the large banks and their representatives have effectively kept community banks out of this space for decades. Last year, CBA took on the large banks and their representatives to drive SB157 through the legislature. The bill received total bi-partisan support and Governor Kemp came to CBA’s office to sign the bill into law.”

“SB157 went into effect on October 1, 2019 and the results thus far have been overwhelmingly positive,” said John McNair, President/CEO of the Community Bankers Association of Georgia (CBA). “Georgia’s community banks- like Oconee State -can now free up millions of dollars of liquidity and make new loans to help small businesses start and grow and effectively help the dreams of fellow Georgian’s come true. All of us at CBA are optimistic that this bill will play a major role in fueling the small business and rural economic growth of Georgia for many years to come.”

The impact of this landmark bill is just getting started. Share your SB 157 success story by emailing [John McNair](#) or [Lori Godfrey](#).



*Neil Stevens, President & CEO
of Oconee State Bank*



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