

Department of Financial Institutions
Long-Term Issues
Business and Labor Committee Interim Meeting
June 15, 2016

Department of Financial Institutions (DFI) Long-Term Issues

- 1. Maintaining Timely Examination Cycles on All State-Chartered Depository Institutions**
 - A. Safety & Soundness,
 - B. Consumer Protection,
 - C. Information Technology/Technology Service Providers,
 - D. Holding Company, and
 - E. Trust Activities.

- 2. Train & Retain Financial Institution Examiners**
 - A. 45% of examiners have less than 4 years experience,
 - B. Manage through the resultant slow-down in examinations while training and attending technical schools,
 - C. Retaining examiners for career rather than train and they leave to work for federal banking agencies or financial institutions, and
 - D. Aging Workforce / Pending Retirements

- 3. Devote more resources on very large banks without compromising quality of supervision provided to community banks and credit unions**

- 4. Cybersecurity Threat**
 - A. Role of state regulators to help raise awareness and encourage leadership from financial institution executives,
 - B. Regulatory agencies issued a Cybersecurity Assessment Tool for institutions to use as self-evaluation tool, which regulators will review

5. Increasing Resource Demands of Non-Depository Industries & Issues

- A. Payday Supervision and Exams taking longer and requiring more resources, (HB 292)
- B. CFPB Draft Rule Analyze & Determine Appropriate Response,
 - (1) State Law, preempted or require amendments,
 - (2) Supervision and regulation require changes or modifications
- C. Mortgage Lenders meeting certain requirements now required to Register with DFI (HB 177) in addition to being licensed by Division of Real Estate (DRE)
 - (1) Dual Jurisdiction issues coordination & cooperation with DRE,
 - (2) Scope of DFI authority under Title 70D, and
 - (3) Determining what DFI should do pursuant to the new law.
- D. Money Transmitters
 - (1) More licenses being issued,
 - (2) More national attention due to money laundering and terrorist financing issues, and
 - (3) Requires more coordination and cooperation with other states and federal agencies in supervision and examinations.
- E. Medical Cannabis and Banking
 - (1) If medical cannabis is passed in Utah, no depository institution may be involved in payment processing or providing banking services, without the risk of federal prosecution,
 - (2) SB 89 last session contemplated, the department as the licensor of a single payment processor,
 - (3) For those states that have legalized medical cannabis or recreational use, the inability to provide banking services has resulted in inordinate amount of cash being used for transactions