

Networked Supervision & A Modernized NMLS

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Body

How consumers borrow, invest, store and send money is changing more rapidly than ever before, and the pace of that change is only set to accelerate. State regulators have always been responsive to changes in the industry, responding to innovations in banking and finance for over 100 years. But the changes affecting financial services in the past several years are unique. Companies and transactions are becoming faster, more complex and more interconnected than ever before.

So, state regulators adopted a dynamic and collaborative approach to supervision. [Networked Supervision](#) is designed to not just respond to changes in the industry, but to proactively improve supervisory tools before they're needed and implement as they're needed in each state.

CSBS' Commitment to Building a Modernized NMLS

As technology continues to advance, the need for a more sophisticated, data driven NMLS that provides a better user experience is critical. In addition, as part of Networked Supervision state agencies are moving toward a standardized approach for managing the licensing process in NMLS.

Development for the modernized NMLS started in January 2021. The new system – initially focused on the MSB industry – will be introduced in 2022.

- The standards state agencies adopt for the MSB industry will be based on the MSB Model Law and Multistate MSB Licensing Agreement.

- Currently, **49** state agencies manage MSB licenses in NMLS, with more than **2,850** companies holding over **9,000** approved MSB licenses in the system.
- The debt, consumer finance and mortgage industries will transition to the modernized NMLS in phases over a period of time, after the MSB industry transition has been completed.

Benefits of a Modernized NMLS

- **Uniform standards for state agencies** – The system will include a single source of standardized data that all state agencies require. This will allow state agencies to conduct interdependent reviews and rely on each other's work, eliminating redundancies. Agencies will also follow uniform compliance thresholds to regulate specific industries.
- **Integrated data analytics** – The new system will use data and analytics to automate processes, identify risks, prioritize resources and provide reports and visualizations to support decision-making.
- **Greater efficiencies for state licensees** – Individuals and companies will have one point of contact for initiating the licensing process, regardless of the state in which they apply for a license. This will save licensees time and eliminate the need to adhere to varying, state-specific requirements.

Video Length
4:06

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