

State Financial Regulators Announce 2021 Priorities

Feb 23, 2021

Washington, D.C. — Conference of State Bank Supervisors President and CEO John W. Ryan announced today in a [speech](#) at the Nationwide Multistate Licensing System (NMLS) Annual Conference the state system's 2021 priorities to advance [Networked Supervision](#), a strategy that uses technology, data and uniform practices to strengthen regulation.

“Technology is constantly changing every sector of financial services. And it is changing how states regulate these service providers. State regulators are focusing on how technology can make us ever better and more effective,” said Ryan.

Ryan described how technology advancements are helping fill information gaps that in the past had prevented states from fully applying their knowledge. He highlighted the [State Examination System](#) (SES), launched last year, as an example of technology empowering the state network and increasing its agility. SES is a nationwide technology platform that allows state examiners to collect information from supervised institutions securely and perform key aspects of formal examinations – without onsite visits.

SES is one of the latest developments in a “trajectory” that states have been following for many years, Ryan continued. He described the state system's evolution from the National Cooperative Agreement, to the creation of the NMLS to, most recently, states' successfully streamlining key aspects of nonbank licensing and supervision through the [Vision 2020](#) initiatives.

“Networked Supervision is the next logical step as we continue to evolve and strengthen financial regulation. The challenges that come with a changing financial services landscape must be met with an integrated and empowered state system,” said Ryan.

Networked Supervision will give states new capabilities for managing risk and increase data flow and partnership opportunities with states' federal counterparts. States currently hold the largest and most comprehensive database of mortgage and MSB call report data.

“The benefits of Networked Supervision will extend to federal regulators in the form of more flexible and real-time data and better risk identification tools,” said Ryan.

Ryan outlined the states' 2021 priorities by industry sector and urged the audience to embrace the responsibility of improving regulation, saying, “Technology will make the system better, faster and more efficient – but we must remember that people, judgement and perspective are even more important.”

State regulators 2021 priorities organized by sector include:

For Money Service Businesses:

- [Provide a coordinated exam for MSBs](#) operating in 40 or more states through the One Company, Exam program to reduce duplicative exams (currently 75 companies).
- Implement a standardized licensing process through the [Multi-State MSB Licensing Agreement](#) (MMLA) (currently includes 28 participating states).
- Modernize the Nationwide Multistate Licensing System (NMLS) to automate and strengthen common standards across state lines by implementing the CSBS model law.
- Form an MSB industry advisory group to provide feedback on NMLS development and other priorities.

For Mortgage Companies:

- Pilot a [joint, multistate exam for a mortgage company](#) through the One Company, One Exam program to reduce duplicative exams for nationwide mortgage companies.
- Finalize and approve [model regulatory prudential standards](#) for nonbank mortgage servicers to create consistent standards for safety and soundness and corporate governance.

For Nonbank Companies:

- Coordinate cyber-risk examinations for nonbank entities to ease regulatory burden, provide more consistency and enhance effectiveness.

For Banks:

- Create a community of large bank examiners to examine current practices and identify streamlining opportunities.

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The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and are the primary supervisor of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.