

# [Request for Information Regarding Bureau's Supervision Program](#)

COMMENT LETTER

## Request for Information Regarding Bureau's Supervision Program

May 21, 2018

[Download PDF](#)

Monica Jackson, Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street, NW Washington, DC  
Docket No. CFPB-2018-0004

*Re: Request for Information Regarding the Bureau's Supervision Program*

Dear Ms. Jackson,

The Conference of State Bank Supervisors (“CSBS” or “state regulators”) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) *Request for Information Regarding the Bureau's Supervision Program* (“RFI”). CSBS is the nationwide organization of state regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, by facilitating regulatory coordination on a state-to-state and state-to-federal basis, and by facilitating state implementation of policy through training, educational programs, and exam resource development.

In addition to chartering and supervising 4,452 of the nation’s banks, a figure that represents 79 percent of institutions with over five trillion in combined total assets, CSBS member agencies are also the primary regulators of over 20,000 non-depository financial services providers, including: residential mortgage lenders and servicers, money service businesses and money transmitters, debt collectors, consumer and small dollar loan lenders, and emerging and established financial technology companies. State regulators and the CFPB exercise concurrent regulatory, supervisory and enforcement authority over certain depository and non-depository institutions. CSBS appreciates the mutual partnership with the Bureau and looks forward to continuing coordinated supervision and information sharing in the examination of consumer financial service providers. In the spirit of cooperative federalism, this authority has been exercised on a coordinated basis through the State Coordinating Committee (SCC)<sup>1</sup>, the multi- state regulatory oversight group responsible for the coordination of multi-state, nonbank financial services examinations with the CFPB.

Established in 2013, the SCC’s overarching goal is to maintain consistent standards for examinations, while promoting efficient information sharing between the CFPB and state regulators. The SCC has helped to improve state-to-state and state-to-federal coordination in non-depository supervision in unprecedented ways. From routine meetings, to scheduling and monitoring coordinated examinations, to exchanging confidential supervisory information; these efforts make the supervision of non-bank financial services providers not only

more efficient by eliminating regulatory redundancies but also more effective by enhancing the supervisory capacity of state and federal regulators.

State regulators appreciate the CFPB's willingness to review and seek public input on the efficiency and effectiveness of its existing supervision program. Particularly, state regulators welcome the opportunity to comment on how to best achieve meaningful burden reduction and improvements to the supervisory processes used by the Bureau while continuing to meet its statutory and regulatory objectives. Effective coordination and communication with state regulators regarding supervising entities are integral to fulfilling the Bureau's statutory mission of enforcing Federal consumer financial laws. Accordingly, it is vital that the Bureau coordinate its supervision activities with state regulators with which the Bureau has overlapping jurisdiction.

To best achieve meaningful burden reduction or other improvements to its supervisory processes, we believe that the Bureau should:

- Continue to recognize and promote the value of the Bureau's Supervision and Examination Manual ("Exam Manual"). The Exam Manual is a useful resource for examination procedures, interagency guidance, and overall best practices. Ensuring that the Exam Manual is consistently up-to-date aids financial services providers in complying with consumer financial laws, promotes transparency, and assists the public in understanding how the Bureau oversees supervised entities.
- Structure and coordinate scheduling of examinations such that the completion of and reporting on the examination occurs at or near the same time as the completion of and reporting of a state examination.
- Maintain an independent appeals process for review of material supervisory findings after the conclusion of the examination. Allowing formal appeals prior to the conclusion of an examination or commencement of a corrective action will complicate and delay the examination process.
- Permit state regulators to demonstrate the statutory basis for jurisdiction on an industry or sector basis rather than an entity-by-entity basis for purposes of information sharing with the Bureau. The current process utilized by the Bureau is inefficient and needs review.
- Retain the authority to assess the scope of work, competency and independence of third-party providers engaged to perform or monitor compliance with regulatory requirements. To the extent that a regulatory matter requires ongoing oversight and intervention by a competent independent third-party, the Bureau should retain authority to review and approve the third-party provider as appropriate.
- When possible, inform and provide automatic notification of potential action and request for response (PARR) letters to state regulators with jurisdiction over the entity.

More generally, in revising its existing procedures and standards with respect to the Bureau's supervision program, we encourage the CFPB to do so in a manner that recognizes that state regulators, through their licensing and supervisory authority, serve as the primary regulators of non-depository financial services providers. We appreciate the opportunity to comment on the CFPB's RFI regarding its supervision program and look forward to the CFPB's continued dedication to coordinating supervisory efforts with state regulators through the SCC, for it is only through robust coordination that we achieve our shared supervisory mission of protecting consumers in the most efficient and effective manner possible.

Sincerely,

John Ryan  
President & CEO

---

<sup>1</sup> The SCC is comprised of members of representatives from six state financial regulatory associations, including: AARMR, CSBS, MTRA, NACCA, NACARA, and NASCUS.