



Supporting Partnerships in Supervision

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Effective financial regulation requires strong relationships among states and between state and federal regulators. These relationships form the basis for coordination and collaboration across a range of supervisory tools and processes.

In October 2023, CSBS announced that 44 state financial agencies had reached settlements with ACI Payments, Inc., for erroneously initiating electronic transactions totaling \$2.3 billion from the accounts of 480,000 mortgage-holders serviced by Mr. Cooper (formerly known as Nationstar Mortgage, LLC). State regulators levied \$10 million in fines through a multistate enforcement action led by regulators from Arkansas, Connecticut, Maryland, and Texas, with support from CSBS.

State regulators have a clear mission to protect consumers and support a safe and efficient financial services market... we will not tolerate any actions or practices that jeopardize consumers' safety or prosperity
CSBS Chair Lise Kruse, regarding the ACI Payments, Inc. settlement

CSBS continues to pursue collaborative partnerships with federal agencies where there is shared jurisdiction. Whether the focus is on mortgage supervision and coordination with CFPB and the Federal Housing Finance Agency, or Bank Secrecy Act/Anti-Money Laundering supervision and coordination with FinCEN, establishing strong working relationships is a priority for CSBS. In 2023, we advanced conversations with federal agencies by highlighting state authorities and driving awareness of the disruptions to regulators and industry when there is a lack of coordination among supervisors.

CSBS shares data from our [Annual Survey of Community Banks](#) with the FDIC, which applies it to the FDIC Community Bank Study, a widely used and relied-upon resource in the banking community. Specifically, the data CSBS provides is central to the FDIC's exploration of how community banks use technology.

Industry engagement has been and continues to be a priority of state regulators to maintain strong relationships and gather feedback on important issues. The CSBS Bankers Advisory Board, comprised of community bank CEOs, advises the CSBS Board of Directors in pursuit of the organization's goals and to provide industry input on current issues.

Maui Fires

On Aug. 8, 2023, wildfires broke out across the Hawaiian island of Maui, causing widespread damage particularly in the town of Lahaina on Maui's northwest coast. Scores of people died, and the town of Lahaina was devastated. Burning at approximately 2,000 degrees Fahrenheit, the fires obliterated all infrastructure, destroyed the local banks and schools, and burned thousands of homes and businesses. The resulting stress to the island's financial system included the loss of jobs, records, and means for residents to pay loans, including mortgage loans.

First Hawaiian Bank after the Maui Fires

Over the weekend following the fires, CSBS staff formed a state-federal work group known as the Maui Wildfire Mortgage Response Team. Leadership from over 30 federal regulators and from five federal housing agencies convened with the Hawaii Department of Financial Institutions within days of the disaster and continued to meet weekly through November. Hawaii Commissioner of Financial Institutions Iris Ikeda facilitated two “boots on the ground” events where representatives of state and federal agencies and mortgage servicers met directly with victims to hear their stories and to provide relief in the form of mortgage forbearance. While the response was immediate, exhibiting the best of coordination between state and federal agencies, the recovery from the devastation is expected to take years.

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