

Strengthening State Regulation through Networked Supervision

The financial services ecosystem is growing and becoming more complex. More nonbank companies are operating nationwide, and financial technology is changing the ways consumers borrow, save and spend. To protect consumers as financial services changes, states are collaborating more closely than ever to operate as one network of supervision. The result will be a more efficient and streamlined regulatory system—one that can respond to changes in the industry but also proactively improve supervisory tools before they are needed.

To advance Networked Supervision, the CSBS Board has prioritized several initiatives, including:

FOR MONEY SERVICES BUSINESSES (MSBs):

- **Provide a coordinated multistate exam for MSBs operating in 40 or more states** through the [One Company, One Exam program](#). In 2021, states completed coordinated, multistate-examinations for all payments companies operating nationwide, reducing duplicative exams by 78%. The program will continue in 2022.
- **Pilot a standardized licensing process for new companies** through the [Multi-State MSB Licensing Agreement \(MMLA\)](#). Twenty-nine states participated in the agreement in 2021, reducing licensing time for new companies by 25%. Ten more states have committed to join the MMLA in 2022 and 2023.
- **Adopt a model law for money transmitters** to create one set of requirements for payments companies nationwide. In 2021, the CSBS Board approved the [Model Money](#)

[Transmission Modernization Act](#) for state adoption. Legislation passed in South Dakota and West Virginia and is moving in six additional states. Numerous states are planning for 2023 introduction.

FOR MORTGAGE COMPANIES:

- **Pilot a joint multistate exam for a mortgage company** through the [One Company, One Exam program](#). Fifty-one state agencies coordinated in 2021 to complete the pilot. CSBS will work with the participating agencies to study the exam results and determine the next steps for this important initiative.
- **Finalize model regulatory prudential standards for nonbank mortgage servicers.** The CSBS Board approved the [prudential standards](#) in 2021. CSBS staff are now working with state agencies to understand the path to adoption in their state.

States will continue to advance these priorities and partner with federal regulators on emerging issues, including consumer lending, payments and digital assets. CSBS asks that Congress support our networked supervision approach to nonbank regulation and oppose any uninsured federal bank charter.

For more on Networked Supervision, go to: <https://www.csbs.org/networked-supervision>