



# 2024 Annual Report

Conference of State  
Bank Supervisors

The [Conference of State Bank Supervisors \(CSBS\)](#) is the nationwide professional organization of financial regulators from all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS advocates for the dual banking system and provides states with critical infrastructure for fostering innovative, responsive supervision.

This infrastructure includes:

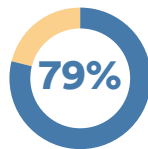
- A governance structure and forum for addressing shared challenges and enhancing regulatory coordination;
- Technology tools and platforms that help states coordinate and streamline licensing and supervision;
- Professional development and training to encourage excellence across the state system workforce.

On behalf of state regulators, CSBS owns and operates the Nationwide Multistate Licensing System & Registry® (NMLS).

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### About the State System of Financial Regulation

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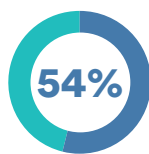


of all U.S. banks are chartered and supervised by state regulators, representing more than **3,555 banks** with aggregate assets over **\$8.25 trillion**.

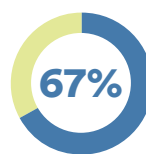
State-chartered banks range from small, local banks to global financial institutions.

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When looking at the U.S. banking system, state-chartered banks represent approximately **34% of industry assets** yet provide:



of all small loans  
to businesses



of commercial bank  
agriculture lending

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State regulators are the licensing authority for and primary regulator of consumer-facing nonbank financial services companies (notably, mortgage originators and servicers, money services businesses, consumer finance lenders, and debt companies). In 2024:

- NMLS maintained the licenses or registrations of the more than 550,000 mortgage loan originators operating in the United States. State-licensed mortgage companies:
  - Originated \$1 trillion (59% of mortgage originations in the United States); and,
  - Serviced \$10 trillion in loans (73% of mortgage servicing in the United States).
- State-licensed money services businesses handled \$8.4 trillion in payments for U.S. consumers.

# Letter from the President and CEO



**In a year filled with change**, our members continued to fight for certainty and stability for their consumers, financial institutions, and the dual banking system. CSBS stood proudly with them.

In my first year, I asked the team to do more for our members, and they responded. We will continue to strive for a CSBS culture that is mission-driven, accountable, agile, and transparent.

We vigorously advocated for a dynamic, diverse, and inclusive financial services system amidst an onslaught of federal policies, proposals, and regulations. Many of these rules would have encroached on state authority over state-chartered or state-licensed entities. Far too often, they started from the false premise that the lack of federal supervision or regulation denotes an absence of financial safety and soundness or consumer protection. CSBS worked hard to dispel these myths and explain the mission and focus of state supervisors.

The CSBS team successfully delivered the first phase of NMLS modernization, and working with the states and other state regulatory associations, developed a plan for increasing the State Examination System capabilities. This combined technology platform is the foundation for Networked Supervision, providing consistency for licensees and efficiency for the states. We also proposed and finalized the first increase in NMLS processing fees since the system was launched in 2008, providing a responsible and stable financial future for the system.

The states took several coordinated, multistate enforcement actions in 2024, and several states adopted one or more of the CSBS model laws to advance the regulatory framework for mortgage servicing, money transmission, and data security. The CSBS team will continue to support similar efforts and is working to further coordination for multistate licensing and enforcement actions. To improve transparency and consistency, the CSBS Board of Directors also adopted a new process for developing and publishing interpretive guidance for the Money Transmission Modernization Act.

We reorganized our training, accreditation, and certification programs in 2024, creating the Accreditation and Workforce Development (AWD) business unit led by a new Chief Learning Officer. AWD is responding to increased member demand for education and training, enhancing standards for certification programs, and building a more responsive accreditation review process. We are also investing in enhanced learning technology, including a learning hub, to provide more efficient workforce development planning and delivery experience for our members.

As Washington, D.C., begins 2025 with a new Administration and new Congress, our members will continue to provide the continuity so vital to the future of financial services regulation and supervision.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Milhorn', written in a cursive style.

**Brandon Milhorn**

# Networked Supervision

The strength of state financial regulation lies in each state's independent authority and state regulators' commitment to cooperation. Through [Networked Supervision](#), states collaborate by using common standards, technology, and expertise—advancing

supervision and regulation while maintaining their autonomy. This approach enhances coordination, strengthens oversight, and helps detect and manage risks more effectively. The **CSBS 2025–2029 Strategic Plan** captures this effort:



## **VISION**

Promote a dynamic, competitive, and innovative banking and financial services ecosystem through state leadership that advances the quality and effectiveness of policy, supervision, and consumer protection.



## **OBJECTIVE**

Advance Networked Supervision through bold advocacy and policy development, innovative technology platforms, and best-in-class workforce development training and tools.

*In 2024, the CSBS Board of Directors moved from a three-year strategic plan to a five-year strategic plan, reflecting the longer planning horizon needed for adopting transformative change and technology.*

## **Local Economies Rely Upon the Dual Banking System**

The dual banking system supports a dynamic U.S. banking system by offering a state-regulated alternative to one-size-fits-all federal oversight. State-chartered banks, particularly community banks, play a critical role in local economies, offering personalized financial solutions, faster decision making, and deeper community engagement than their larger, federally-chartered competitors. Because state



## Advocating for the State Regulatory System

CSBS advocates for the state system, supporting financial supervision and regulation that is appropriately tailored and incorporates the role and expertise of state regulators.

Throughout 2024, federal financial regulators issued numerous rulemakings that impacted the institutions state regulators supervise. On behalf of state regulators, CSBS responded by [filing 13 regulatory comment letters](#) and held several meetings with federal agencies, including engagements with the Financial Stability Oversight Council (FSOC) and the Federal Financial Institutions Examination Council. CSBS staff also held more than 100 meetings with Congressional members and staff to advance state policy priorities.

Threats to the dual banking system and state nonbank oversight continued to grow over the course of the year. The FSOC recommended an industry-financed liquidity fund for nonbank mortgage servicers, administered by a newly authorized federal prudential regulator. In response, the state banking FSOC representative, New York Department of

Financial Services Superintendent Adrienne Harris, advocated for the state regulatory and supervisory framework for nonbank mortgage servicing. CSBS also weighed in, [voicing concern](#) that this recommendation could negatively impact the nonbank mortgage market, particularly for low- and moderate-income borrowers, underserved communities, first-time homebuyers, and veterans. CSBS also recommended that the federal agencies, Ginnie Mae, and Congress focus their immediate efforts on targeted structural changes included in the FSOC report. CSBS highlighted the need for thoughtful consideration of the potentially dramatic and unintended consequences of the FSOC proposal for a liquidity fund and a federal prudential regulator.

In addition to the FSOC report, federal agency leaders criticized state money transmission regulation and advocated for a federal regulatory and supervisory framework for payments. The Federal Deposit Insurance Corporation (FDIC) proposed corporate governance guidelines that would have

regulators are closer to the economic realities of their regions, they can adapt policies to support small businesses, local development, and job creation—something a centralized federal system cannot match. By preserving state-chartered banks, we ensure a more responsive, competitive, and consumer-focused financial system that strengthens communities nationwide.

preempted state laws governing the fiduciary responsibilities of board members to their banks and shareholders, along with a host of other objectionable requirements. CSBS provided [robust comments](#) on these proposals, and many others.

As we have in the past, CSBS fought for states' interests on key preemption cases. In 2024, the Supreme Court handed down its decision in [Cantero v. Bank of America](#), which centered on the applicability of a New York consumer

protection law mandating interest on escrow accounts. The Court—using language from the CSBS [amicus brief](#)—reaffirmed the nuanced analysis and high bar required for federal preemption of state consumer protection laws. On the heels of the *Cantero* decision, the Comptroller of the Currency announced that the agency would finally conduct the five-year review of preemption determinations mandated by the Dodd-Frank Act. We [joined consumer groups](#) in supporting this decision, and we will continue to hold the agency to its commitment.

## CSBS and FHFA enter formal information sharing agreement

In April, state regulators, CSBS, and the FHFA entered into a formal agreement designed to facilitate information sharing with respect to nonbank mortgage companies.

The memorandum of understanding establishes substantive information sharing protocols between state financial regulators and FHFA, improving the ability to coordinate on market developments, identify and mitigate risks, and ultimately, further protect consumers, taxpayers, and the nation's housing finance system.

State financial regulators are the primary regulators of nonbank mortgage companies. FHFA is the regulator and conservator of two of the nonbank mortgage industry's



CSBS President and CEO Brandon Milhorn, FHFA Director Sandra Thompson, and CSBS Chair Lise Kruse sign the Memorandum of Understanding.

largest and most important counterparties, Fannie Mae and Freddie Mac. While each supervisory agency maintains specific authorities related to the mortgage industry, only state financial regulators have prudential authority over nonbank mortgage companies.



Mississippi Commissioner of Banking and Consumer Finance Rhoshunda Kelly interviews Consumer Bankers Association President and CEO Lindsey Johnson and Bank Policy Institute President Greg Baer at the CSBS Government Relations Fly-In.

## CSBS Government Relations Fly-In

Every year, CSBS convenes state supervisors and their agency staff in Washington, D.C., for the CSBS Government Relations Fly-In. Over several days, participants attend discussions with congressional policymakers, the Federal Reserve Board of Governors, and other federal agency leaders. Speakers in 2024 included Independent Community Bankers Association President and CEO Rebeca Romero Rainey, Consumer Bankers Association President and CEO Lindsey Johnson, and Bank Policy Institute President Greg Baer. CSBS Chair-Elect Charlie Clark held a fireside chat with Federal Housing Finance Agency (FHFA) Director Sandra Thompson, discussing the information sharing memorandum of understanding signed by CSBS and FHFA that morning.

On the Fly-In day devoted to Congress, state supervisors heard from a slate of distinguished speakers, including current Financial Services Committee Chairman French Hill (R-AR) and Rep. Andy Barr (R-KY), Rep. Bill Huizenga (R-MI), Rep. Bill Foster (D-IL), Rep. Mike Flood (R-NE), and Sen. Bill Hagerty (R-TN).



Tennessee Commissioner of Financial Institutions Greg Gonzales greets Sen. Bill Hagerty (R-TN), a member of the Senate Banking Committee, who addressed attendees at the CSBS Hill Day.

CSBS members then met with their home-state congressional delegations to discuss policy priorities, including recognizing community banks' critical role in a vibrant economy and protecting states' nonbank regulatory authority.



# State Regulation and Interagency Engagement

CSBS supports state-federal coordination across a range of supervisory and regulatory structures and workstreams. Decades of engagement with the federal banking agencies informed CSBS's efforts to ensure that the law establishing the Consumer Financial Protection Bureau (CFPB) codified coordination with state regulators. Through a coordinated supervision framework and information sharing agreements, the states have been working for more than a decade to improve the CFPB partnership, particularly for supervision and enforcement efforts.

State financial regulators and the state perspective also are integrated into formal interagency councils and committees:

## **Financial Stability Oversight Council:**

*This body, chaired by the Treasury Secretary and tasked with monitoring risks to the U.S. financial system's stability, includes a member representing state banking regulators.*

- New York State Department of Financial Services Superintendent **Adrienne Harris** (Jan. 2023–Dec. 2024)
- North Dakota Department of Financial Institutions Commissioner **Lise Kruse** (Jan. 2025–present)

## **Federal Financial Institutions Examination**

**Council:** *This group of federal and state financial regulators is charged with setting examination standards. State regulators have a voting role in this body and are represented by the five-member State Liaison Committee:*

- Texas Department of Banking Commissioner **Charles G. Cooper**, Chair
- Ohio Division of Financial Institutions Superintendent **Kevin Allard**
- Tennessee Department of Financial Institutions Commissioner **Greg Gonzales**
- Arkansas State Bank Department Bank Commissioner **Susannah Marshall**
- New York Department of Financial Services Banking Division Senior Deputy Superintendent **Ray Dorado**

## **Financial and Banking Information**

**Infrastructure Committee:** *The Treasury Department coordinates this body of federal and state regulators charged with improving coordination and communication among financial regulators, promoting public-private financial sector partnerships, and enhancing the resiliency of the financial sector.*

- Texas Department of Banking Commissioner **Charles G. Cooper**, CSBS Principal
- Ohio Division of Financial Institutions Superintendent **Kevin Allard**, American Council of State Savings Supervisors Principal

## **Interagency Supervisory Processes**

**Committee:** *Senior state, Federal Reserve, and FDIC bank regulators meet quarterly to discuss coordination and collaboration on supervisory matters and examination tools. The states are represented by:*

- Indiana Department of Financial Institutions Deputy Director **Christopher Dietz**
- Georgia Department of Banking and Finance Deputy Commissioner for Supervision **Melissa Sneed**
- Iowa Division of Banking Bank Bureau Chief **Shauna Shields**
- West Virginia Division of Financial Institutions Commissioner **Dawn Holstein**

# Strengthening Supervision Through Stakeholder Partnerships

CSBS supports multiple partnership strategies that connect state regulators with their federal counterparts to enhance partnerships and supervision.

Every year, CSBS and state regulators invite federal financial regulators to convene at the State Federal Supervisory Forum (SFSF). The event provides a forum for senior officials from state and federal regulatory agencies to discuss current and emerging supervisory and regulatory issues affecting the financial services industry.

In 2024, SFSF attendees gathered in Chicago. Highlights included fireside chats with Federal

Reserve Bank of Chicago President Austan Goolsbee, CFPB Director Rohit Chopra, and Financial Technology Association President and CEO Penny Lee.

Cybersecurity remains a key area of concern for state regulators and financial institutions. Together with the U.S. Secret Service and the Bankers Electronic Crimes Task Force, CSBS issued an updated [Nonbank Ransomware Self-Assessment Tool](#), known as R-SAT, to help firms mitigate risks associated with ransomware and improve their overall cybersecurity posture.



CSBS Chair and Board of Directors Charlie Clark interviews CFPB Director Rohit Chopra the morning the U.S. Supreme Court affirmed the agency's funding by the Federal Reserve.



CSBS President and CEO Brandon Milhorn discusses financial policy with Federal Reserve Bank of Chicago President Austan Goolsbee at the SFSF in Chicago.



CSBS President and CEO Brandon Milhorn and Federal Reserve Bank of Philadelphia Senior Vice President and Lending Officer Bill Spaniel discuss the balance of fintech innovation and regulation at the Federal Reserve Bank of Philadelphia Fintech Conference.



Money Transmission Regulators Association President Ingrid White, CSBS Chair Charlie Clark and CSBS President and CEO Brandon Milhorn share nonbank supervision trends at the MTRA annual conference.



# Encouraging Resilient Banks for Strong Local Economies

## Large Bank Supervision

State bank regulators have prioritized large bank supervision through education and by working together in a networked approach. There are 33 states that collectively oversee more than 100 banks with aggregate assets over \$10 billion. Eight of these states oversee banks with more than \$100 billion in assets. CSBS engages with commissioners to share data on the overall landscape for large banks, including offering a specific version of our popular Risk Scoping Workbook tool to empower large bank examiners with horizontal review capabilities. Early in 2024, CSBS hosted a Large Bank Supervision Forum in Baltimore, convening examiners who discussed supervision processes, emerging issues, best practices, and state and federal coordination. To enhance coordination among state and federal large bank supervisory teams, staff facilitated

quarterly calls with the Federal Reserve and FDIC that covered important topics, including mergers, digital assets, and the impact of rising interest rates.

## *Banker Outreach*

CSBS and our state regulatory members regularly engage with the banking industry and other financial services stakeholders throughout the year. These relationships are critical to gathering feedback on important issues.

## *Bankers Advisory Board*

The CSBS Bankers Advisory Board meets three times per year and provides industry input on current issues to the CSBS Board of Directors. Members are recommended by their home-state commissioners and appointed by the CSBS Board of Directors Chair.

## Sharing the CSBS Policy Message



CSBS carried our policy message to meetings and conferences with sister state regulatory and industry associations, including presentations to 17 state banking groups.

## Promoting the Value of Community Banks

Community banks, which comprise 92% of state-chartered banks, are an important part of local economies. CSBS conducts and promotes research to support community banking and deepen understanding of the opportunities and challenges facing community bankers.

## Community Banking Research Conference

The [Community Banking Research Conference](#), co-sponsored by CSBS, the Federal Reserve System, and FDIC, is held annually at the Federal Reserve Bank of St. Louis. In October, academics, community bankers, and federal and state regulators convened for the twelfth annual conference, sharing ideas and research to advance community banks. The research is often cited and referenced by lawmakers and federal policymakers.

## CSBS Annual Survey of Community Banks

Regulatory burden rose to the top of community bankers' concerns in the [CSBS Annual Survey of Community Banks](#), released in October at the Community Banking Research Conference. Cost of funds, a chief concern a year prior, tied as a top external risk for surveyed bankers.

The survey captured the views of 370 community banks with less than \$10 billion in total assets on key risks, compliance costs, technology, competition, and liquidity and funding, among other areas.

## John W. Ryan Community Banking Research Award

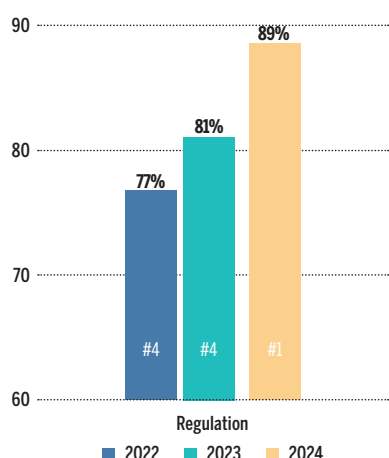


Federal Reserve Economist John Kandrac (far left) and CSBS EVP of Policy and Supervision Karen Lawson (far right) present the John W. Ryan Award for Most Significant Contribution to Edward Kim, University of Michigan-Ann Arbor, and Shohini Kundu, UCLA, at the Community Banking Research Conference.

A paper titled “The Economics of Market-Based Deposit Insurance” earned the 2024 John W. Ryan Award for Most Significant Contribution to Community Banking Research. Authored by Edward T. Kim, University of Michigan-Ann Arbor; Shohini Kundu, ULCA; and Amiyatosh Purnanandam, Ross School of Business, University of Michigan, the paper focused on regulatory risk.

In 2022, the conference planning committee named the Most Significant Contribution to Community Banking Research Award in John W. Ryan’s memory. A champion of the dual banking system, Ryan served as president and CEO of CSBS from 2011 until his death in May 2022. He helped initiate the Community Banking Research Conference to encourage more data and research on community banks and to support more informed policy decisions.

### Concerns about regulation have risen in CSBS Annual Survey of Community Banks



How important are the following external risks to your bank today?  
Percentage of Respondents Reporting "Extremely important" and "Very important"

Net interest margins and core deposit growth also ranked highly among the surveyed banks' concerns, while cybersecurity ranked as the highest internal risk. Bankers shared that the effects of inflation are most impactful on costs of deposits, followed by personnel expenses, the value of securities investments, and operating expenses.

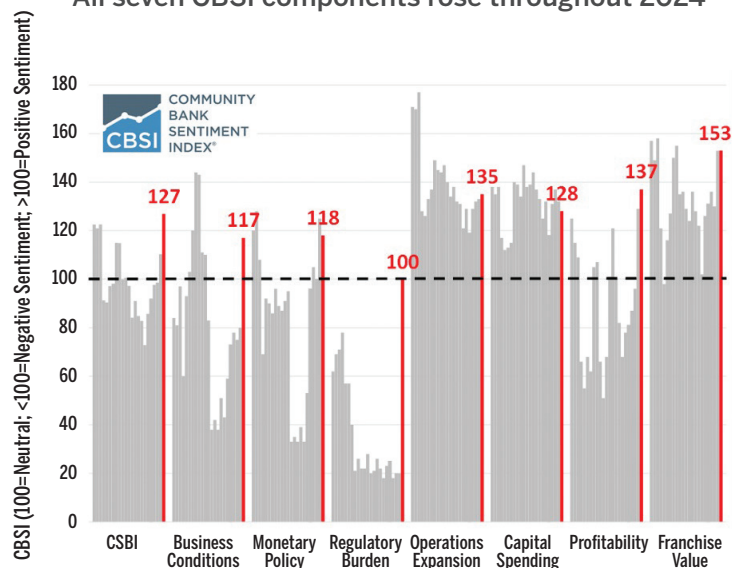
### Community Bank Sentiment Index

CSBS polls community bank leaders across the nation every quarter to share their thoughts on future economic conditions in seven areas for the [Community Bank Sentiment Index \(CBSI\)](#). Their answers are analyzed and compiled into a single number, with 100 being neutral. Quarterly results are

included in Federal Reserve Economic Data, the online database maintained by the Federal Reserve Bank of St. Louis, and widely used by economists, policymakers, researchers, and other public stakeholders.

The CBSI continued to rise throughout 2024, moving 35 points to an optimistic sentiment value of 127. For the first time since the index's debut in 2019, all seven components that comprise the CBSI were at or above the neutral level of 100, and the overall index reading was at an all-time high. The regulatory burden component increased by a stunning 75 points to 100 on expectations that banks will encounter a more-balanced regulatory environment following the U.S. presidential election. Another noteworthy increase came from the profitability indicator, up 56 points to a record level of 137, on expectations that net interest margins will improve following two years of an inverted yield curve.

### All seven CBSI components rose throughout 2024







Federal Reserve Board of Governor Michelle Bowman and CSBS President and CEO Brandon Milhorn meet with the winners of the CSBS Case Study Competition from the Commonwealth University of Pennsylvania.

## CSBS Student Competitions

Investing in the workforce of the future is fundamental to state regulation. The [CSBS Community Bank Case Study Competition](#) encourages university students in all fields of study to engage in community banking. For the 2024 competition, student teams partnered with local community banks to determine lessons learned from the 2023

Silicon Valley Bank, Signature Bank, and First Republic Bank closures, identify banks' expectations for regulatory and supervisory changes, and evaluate how banks are using social media. The top three teams received monetary awards, and their work was published in the [CSBS Journal of Community Bank Case Studies](#). The winning case study team presented its work at the Community Banking Research Conference.

## 2024 CSBS Community Bank Case Study Winning Teams

### FIRST PLACE

**The Commonwealth University of Pennsylvania:** Hannah Caccia, Ariane Rouffignac, and Eric Shaw. Faculty Advisors: Dr. Atika Benaddi and Dr. Victoria Geyfman. Partner bank: First Citizens Community Bank, Mansfield, Pa.

### SECOND PLACE

**University of Illinois-Springfield:** James Aldus, Robert Lassiter, and Kurt Wagner. Faculty advisors: David Saner and Serkan Karadas. Partner bank: INB, N.A., Springfield, Ill.

### THIRD PLACE

**Southeastern Louisiana University:** Blake Eiermann, Tu Nguyen, Gabriela Santana, DiJon Smith, and Putheara Sok. Faculty Advisor: Dr. Danielle Lewis. Partner bank: b1BANK, Baton Rouge, La.

# Nonbank Licensing and Examination: NMLS and SES

CSBS, on behalf of state regulators, owns and operates the [Nationwide Multistate Licensing System & Registry® \(NMLS\)](#), a licensing, registration, and supervisory platform that brings regulatory efficiency and accountability to the mortgage, money transmission, consumer finance, and debt collection industries. Its supervisory component, the [State Examination System \(SES\)](#), harmonizes and automates supervisory processes, streamlining the examination process for financial institutions.

## NMLS

State-licensed financial services companies and mortgage loan originators must maintain active licenses through NMLS, while federally regulated depository institutions (banks and credit unions) and the mortgage loan originators (MLO) they

### State licensing provides accountability at the local level:

- Most nonbank consumer-facing financial services providers must obtain state licenses to do business.
- Licensing safeguards the public by holding these companies and individuals accountable.
- Prospective licensees must demonstrate sufficient competency, integrity, and financial strength to engage with consumers.
- Only state regulators have the authority to license consumer-facing nonbanks.

## Nonbanks Licensed by State Regulators

Examples of Regulated Business Activities:

Mortgage	Money Services	Consumer Finance	Debt
<ul style="list-style-type: none"> <li>• Lending</li> <li>• Brokering</li> <li>• Servicing                             <ul style="list-style-type: none"> <li>• Loan Modifications</li> <li>• Short Sale</li> </ul> </li> <li>• Foreclosure Consulting</li> <li>• Appraisal Mgmt.</li> <li>• Commercial Lending</li> <li>• Lead Generation</li> <li>• Loan Processing</li> <li>• Loan Underwriting</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic Money Transmission</li> <li>• Virtual Currency/VC Exchange*</li> <li>• Check Cashing</li> <li>• Foreign Currency Exchange</li> <li>• Money Orders</li> <li>• Prepaid Access/Stored Value</li> <li>• Traveler's Checks</li> <li>• Payroll Processing</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Loans (unsecured)                             <ul style="list-style-type: none"> <li>• Lending, Brokering, Servicing</li> </ul> </li> <li>• Earned Wage Access                             <ul style="list-style-type: none"> <li>• Direct to Consumer</li> <li>• Employer Integrated</li> </ul> </li> <li>• Student Loan                             <ul style="list-style-type: none"> <li>• Lending, Servicing</li> </ul> </li> <li>• Payday Lending</li> <li>• Sales Finance</li> <li>• Title Lending</li> </ul>	<ul style="list-style-type: none"> <li>• Third-Party Debt Collection</li> <li>• Credit Repair</li> <li>• Debt Mgmt.                             <ul style="list-style-type: none"> <li>• Credit Counseling</li> </ul> </li> <li>• Debt Negotiation</li> <li>• Debt Settlement                             <ul style="list-style-type: none"> <li>• Debt Adjustment</li> </ul> </li> <li>• Repossession</li> <li>• Biweekly Payment Processing</li> <li>• Active Debt Buying</li> </ul>

70+ Business Activity Definitions in NMLS

*\*Note: Some activities are nascent, and some activities are licensed in some states but not others.*



*“Preparing for renewals is usually a hectic process with the number of entities that we have. Having the accounts linked and being able to bounce from entity to entity is making the process much more seamless.”* —Survey response to NMLS Modernization Phase One Update

employ must also maintain an active registration. Congress mandates that state licenses and federal registrations be obtained and maintained annually. Mortgage loan officers must also complete a minimum of 20 hours of pre-licensure education and eight hours of annual continuing education, pass a licensing test, and demonstrate character and financial fitness through a credit report and FBI criminal background check—all managed and tracked through NMLS.

While NMLS launched in 2008 to improve and track licensing regulation, it has become a broader platform for improved safety, soundness, and consumer protection across a range of services, including debt, consumer finance, and

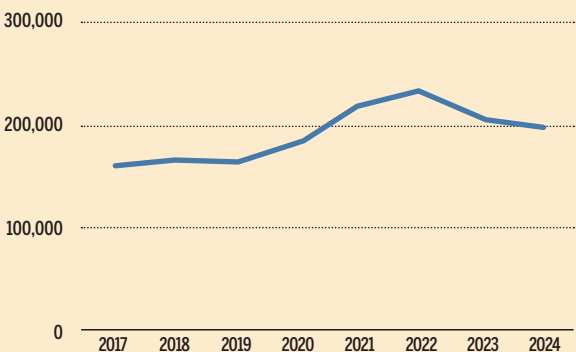
multiple other financial services industries.

Recognizing technology advances over the past 16 years, CSBS has taken steps to [update](#) the NMLS platform. This year, we upgraded the login process, allowing users to recover their password without contacting the call center and to consolidate multiple NMLS accounts using only one login.

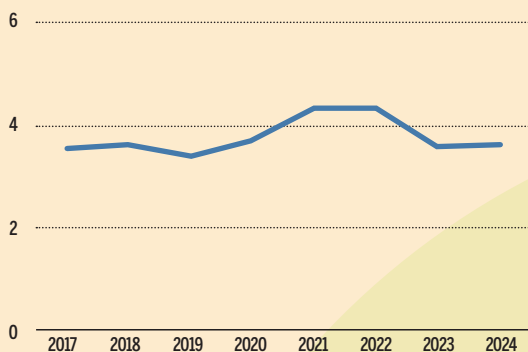
In 2024, more than 550,000 individuals were licensed or registered through NMLS, more than 34,000 companies held a state license, and another 8,000 companies held a federal registration. While all registrations are from the mortgage industry, the licenses are held by

The number of MLOs each year reflects the fluctuating real estate market. Tracking the number of MLO licenses and the states in which MLOs are licensed through NMLS over time provides insight into these market trends. The boost from the stimulus package due to the Covid pandemic can be seen in years 2020–2023, for example.

Individuals Licensed in NMLS by Year



NMLS Licenses per MLO by Year





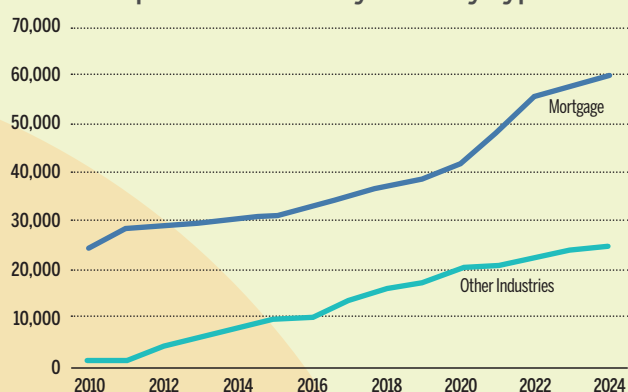
firms engaged in any of the 70-plus nonbank financial activities for which states require licensing, including mortgage, mortgage servicing, money services businesses (MSBs), consumer finance, and debt collection.

[NMLS Consumer Access](#) allows the public to view regulatory actions taken against licensed companies and individuals by state regulators and the CFPB. Last year, more than 6 million people visited the site.

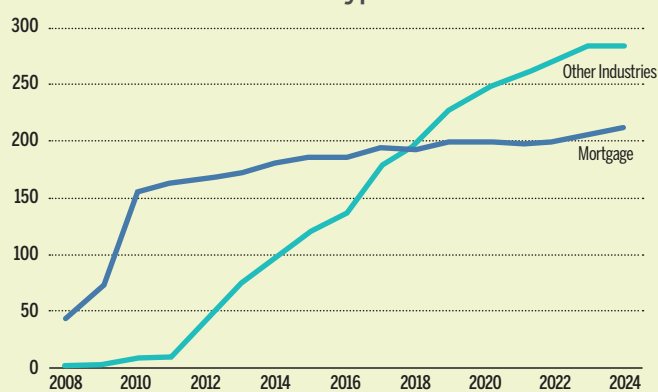
CSBS provides extensive support for the companies, individuals, and regulators that use the NMLS through training and a user-support call center. CSBS also hosts the Annual NMLS Conference & Training each year to convene state regulators and industry users to discuss training, share best practices, and engage on issues affecting the financial sector. NMLS's independent Ombudsman offers a neutral forum for users and stakeholders to discuss

### A breakdown of NMLS licenses in 2024

Companies in NMLS by Industry Type



Active LicenseTypes in NMLS



*“The SES has allowed us and the business units we work with to more efficiently prepare for exams by knowing and considering many of the information requests in advance of the exam. This allows us to focus on providing clear and concise responses that fully address the requests being made.” —Company user*

SES capabilities include:

- The ability to accept exams from other state agencies, instead of conducting a duplicative exam of their own
- A library of exam programs and materials
- Collaborative exam scheduling
- Multistate exams

NMLS-related issues and policies. In addition to biannual meetings, the Ombudsman is available for ad hoc meetings throughout the year.

### The State Examination System

NMLS has a supervisory component known as the [State Examination System \(SES\)](#), launched in 2020. SES enables multiple states to conduct a single, comprehensive exam of a licensed company. Institutions work with one point of contact and experience fewer single-state exams. In turn, state regulators can deploy supervisory resources more efficiently, access institution-level data from the system, review exams from other state regulators, and help determine if institutions are meeting supervisory expectations across multiple states. To date,

*“I think SES has made our job as examiners much more efficient. Everything is centralized and not housed in different databases”*

**—SES state agency user**

state regulators have conducted nearly 9,000 supervisory activities through the system, and this number continues to increase.

States can also track and manage complaints they receive related to their supervised companies through the SES consumer complaints feature. To date, 21 state agencies have managed 6,000 consumer complaints through the system.

In 2024, more than 3,000 exams were initiated by the 53 state agencies using the platform. In lieu of conducting a new, duplicative exam, 29 state agencies accepted the examination work conducted by other agencies for more than 300 exams. In 2024, CSBS conducted in-person and virtual visits with state agency partners to identify challenges and discuss SES functionality, training, and best practices.



In July, CSBS introduced a new dashboard for state agency commissioners to view the activities of their agencies compared to all agencies using SES. In just five months, state agencies had accessed the dashboard more than 2,000 times.

CSBS continues to enhance SES across all industry types, with a dedicated initiative targeting MSBs that began in late 2024. In

November, CSBS hosted an in-person fly-in, convening MSB-focused agencies and examiners to discuss MSB exam workflow improvements and system customization. CSBS will continue collaborating with state regulators, including the [Money Transmitter Regulators Association](#), [American Association of Residential Mortgage Regulators](#), and other state regulatory associations, to develop features that support the supervisory process.

## Remembering John “Buz” Gorman

FEB. 10, 1960 – FEB. 5, 2024



CSBS staff and friends mourned the death of John “Buz” Gorman, a beloved colleague who died in February. In his memory, CSBS staff held an American Red Cross blood drive and participated in the Walk for the Cure.

Buz came to CSBS in 1996 from Capitol Hill, where he spent a decade covering work and environmental issues for former Florida Senator Connie Mack. He served as CSBS General Counsel for 15 years, holding pivotal roles in the enactment of important legislation and serving as a

mentor to CSBS and state regulatory staff, leading with positivity, humor, and strength.

Buz’s steady demeanor and positive attitude were critical in successfully drafting and implementing the CSBS Nationwide Cooperative Agreement, which provided a framework for states and federal regulatory agencies to coordinate the supervision of state-chartered banks that operated in multiple states. He worked with Congress to develop the blueprint that led to the eventual passage of the Financial Services Regulatory Relief Amendments Act of 2006, a landmark bill that gave state regulators a vote on the Federal Financial Institutions Examination Council and helped improve supervision of multi-state, state-chartered banks.

He was instrumental in the creation and launch of NMLS. He set the course for the Secure and Fair Enforcement for Mortgage Licensing Act, which changed mortgage regulation and brought new protections for consumers and efficiencies for the mortgage market. Buz also played a key role in shaping provisions of the Dodd Frank Act, which strengthened the state system by resetting the state-federal balance in banking law and consumer protection and ensuring that the Federal Reserve System maintained its supervisory role over smaller institutions.

Buz was beloved at CSBS. And we all knew the only thing that he was more passionate about than state banking matters was his love and pride for his wife Kathy and his sons J.P. and Andrew.



# Modernizing Nonbank Supervision

To advance Networked Supervision, state financial regulators and CSBS work toward common laws, regulations, and processes to streamline the licensing and supervision of nonbank financial companies operating in multiple states.

Current initiatives include:

## CSBS Model Laws

### *Money Transmission Modernization Act*

The [Money Transmission Modernization Act \(MTMA\)](#) is a single set of standards and requirements created jointly by state regulators and industry experts. The MTMA's goal is a consistent network of payments regulation designed to harmonize licensing and supervision requirements as well as strengthen consumer protection. As of the end of 2024, twenty-three states have enacted the model law, and three additional states have enacted key provisions of the law. A money transmitter that operates in any one of the adopting states is subject to the MTMA standards. As a result, more than 99% of the dollar amount of money transmission conducted by firms licensed in NMLS is subject to the MTMA. CSBS provides an ongoing forum for states to discuss adoption and implementation progress, and last fall, the CSBS Board of Directors adopted a new process to develop and publish MTMA interpretive guidance for consideration by the states. Several additional states are working to adopt the MTMA, and CSBS will continue to engage with our members, sister regulatory

Money transmitters licensed in NMLS by at least one state that has already adopted the MTMA collectively account for 99% of reported money transmission activity.

organizations, and industry to encourage adoption and promote consistent MTMA implementation.

## Prudential Standards for Nonbank Mortgage Servicers

The nonbank mortgage servicing market has grown significantly over the past decade. State regulators created uniform prudential standards for nonbank mortgage servicers that set financial capacity, governance, and risk management requirements. State agencies may use the standards to formulate rules, guidance, and exam procedures working with their legislatures and using their independent authority.

The states that have adopted the [Nonbank Mortgage Servicer Prudential Standards](#) oversee companies that manage 99% of the nonbank mortgage servicing market by loan count.

### *Nonbank Model Data Security Law*

The [CSBS Nonbank Model Data Security Law](#) establishes a robust framework to provide nonbanks with the necessary measures to mitigate cyber threats, prevent data breaches, and uphold the integrity of the financial system.



The law is aligned with the Federal Trade Commission's Safeguards Rule to make implementation easier for financial institutions. Although the CSBS Nonbank Model Data Security Law is in its early stages, seven states already have adopted the law or similar language.

### One Company, One Exam

The [One Company, One Exam](#) program enables multiple states to collaboratively examine companies. This replaces the traditional siloed approach of multiple states separately examining licensed companies, reducing the regulatory burden of the companies being examined and producing efficiencies for state supervisors. State financial supervisors can participate in a multistate exam, accept its results entirely, or accept the results with limited additional requirements.

Since its inception in 2020, the One Company, One Examination program has reduced the number of duplicative, or repeat, exams for MSBs operating in 40 or more states from more than 40% of all exams to only 5% of exams. In 2024, states conducted 85 of these coordinated MSB examinations.

The One Company, One Exam program has now expanded to enhance multistate examinations of nonbank mortgage companies. In 2023, the Multistate Mortgage Committee began incorporating One Company, One Exam into its examination process. The committee, composed of state mortgage regulators appointed by CSBS and the American Association of Residential Mortgage Regulators, schedules and conducts multistate exams on mortgage lenders and servicers operating in 10 or more states,

The One Company, One Exam program provides key benefits for mortgage and money services businesses that operate in multiple states:

- **Reduced administrative burden:** Companies undergo one examination process instead of multiple state-level exams, saving time and resources.
- **A consistent regulatory approach:** All states assess companies using the same criteria, promoting fairness and predictability.
- **Access to specialized supervision:** By pooling resources from multiple states, the exam team can include specialists in various areas like cybersecurity or anti-money laundering, providing a more thorough assessment.
- **An improved risk-based approach:** Regulators focus on the most relevant risks for each company based on their operations, tailoring the examination accordingly.
- **Enhanced regulatory cooperation:** State collaboration leads to better information sharing and coordinated oversight.

## Multistate MSB Licensing Agreement

States are adopting a consistent licensing process for new companies through the [Multistate MSB Licensing Agreement \(MMLA\)](#). Under the MMLA, one designated “lead state” conducts a comprehensive review of common licensing components, including the business plan; ownership structure (both direct and indirect owners); financial information; and

compliance with the anti-money laundering requirements of the federal Bank Secrecy Act. These elements represent the most resource-intensive aspects of the application review process. The lead state shares its findings—known as a certification—with other participating states, which agree to accept the results of this review. Each state then evaluates any remaining state-specific requirements, after which licenses are issued.

## Introducing CSBS Networked Supervision Champions

Networked Supervision is supported across the state system by commissioners and state agency staff. In 2024, we launched the [Networked Supervision Champions](#) program to recognize staff who go above and beyond in strengthening the multistate network for better financial supervision and industry compliance. The 2024 honorees are:



**Jeff Peterson**, Nebraska Department of Banking and Finance's Consumer Financial Services senior financial services examiner, for his efforts to advance One Company, One Exam.



**Anya Tabb**, Washington State Department of Financial Institutions financial examiner supervisor, for her key role in developing and testing the One Company, One Exam protocol for mortgage examinations.



**Mark Hastie**, director of non-depository financial institutions at the Minnesota Department of Commerce, for guiding Minnesota to be the first state to adopt all three CSBS nonbank model laws.

# Understanding the Financial Ecosystem

CSBS provides data, technology, and analytical products to help state regulators anticipate and mitigate risk within the financial system.

## Data

State supervisors, and by extension CSBS, must accomplish more every year as the industries they regulate and supervise grow in volume and complexity. Data, and analytics specifically, are among the most effective tools at our disposal to address those challenges.

State supervisors use CSBS risk analysis tools to monitor institutions and portfolios, gain macroeconomic insights, and conduct event-specific geographic analysis—such as assessing regions affected by natural disasters. In 2024, more than 1,000 individual regulators accessed CSBS data and analytics products over 22,000 times collectively, demonstrating the value of these products in regulatory decision making. Beyond direct regulatory support, we also provided data and analysis that informed CSBS's policy advocacy, blog posts, and podcasts, helping to explain complex national economic developments in a clear and actionable way.

## Artificial Intelligence Advisory Group

In 2024, CSBS established a new advisory group to provide counsel and perspective on the development and use of artificial intelligence in the financial services sector. The [CSBS Artificial Intelligence Advisory Group](#) includes experts from academic institutions, the financial industry, and nonprofit organizations.

The CSBS Artificial Intelligence Advisory Group members are:

- **Kelly Cochran**, Deputy Director & Chief Program Officer at FinRegLab
- **Jeffrey Feinstein**, Global Head of Data Science, LexisNexis Risk Solutions
- **Talia Gillis**, Associate Professor of Law at Columbia University
- **Daniel Gorfine**, Chief Executive Officer of Gattaca Horizons; Adjunct Professor, Georgetown University Law Center
- **Delicia Hand**, Senior Director at Digital Marketplace Consumer Reports
- **Laura Kornhauser**, Chief Executive Officer of Stratyfy
- **Nick Schmidt**, Founder and Chief Technology and Innovation Officer at SolasAI and AI Practice Leader at BLDS, LLC

## CSBS Economic Research and Policy Scholars

CSBS research programs help state supervisors and financial services stakeholders foster a competitive, resilient, and vibrant financial services sector in the United States. To support that mission, CSBS launched a new [Economic Research and Policy Scholars Program](#) in 2024, selecting scholars from academic institutions nationwide for their expertise and contributions to the field for two-year terms. The scholars—who sign non-disclosure agreements—gain access to CSBS's unique data assets to support their research.

This information includes, Mortgage Call Report and Money Services Business data, the CSBS Annual Survey of Community Banks, and the CBSI. They also have opportunities to present their findings at key industry conferences, including the Community Banking Research Conference.

The CSBS Economic Research and Policy Scholars are:

- **Jonathan A. Scott**, Professor of Finance, Fox School of Business and Management, Temple University
- **Yadav Gopalan**, Assistant Professor of Accounting, Mendoza School of Business, University of Notre Dame
- **Matthew Whitedge**, Associate Clinical Professor of Finance, College of Business, Mississippi State University
- **Jill Cetina**, Executive Professor of Finance, Mays Business School, Texas A&M University
- **Robert Marquez**, Professor of Banking and Corporate Finance, Graduate School of Management, University of California—Davis
- **Allison Nicoletti**, Assistant Professor of Accounting, The Wharton School, University of Pennsylvania
- **Michael Iselin**, Associate Professor of Accounting, Carlson School of Management, University of Minnesota

## Empowering Innovation

Education and professional development are pivotal to the success of an informed regulatory system. CSBS delivers a wide range of examiner education and professional development programming. Early in the

year, CSBS formed the Accreditation and Workforce Development (AWD) division to bring together and transform our existing examiner education, agency accreditation, and examiner certification programs.

In 2024, AWD delivered 40 examiner schools, continuing education, and executive education programs. Most of these programs were filled to capacity, reaching more than 1,200 learners from all 50 states, the District of Columbia, and American Samoa.

## Examiner Certification Program

The [CSBS Examiner Certification Program](#) is a voluntary program designed to recognize and promote the professionalism and highly specialized skillsets of state financial regulatory agency personnel. Established more than 30 years ago and overseen by the CSBS Education Foundation's Certification Committee, the program offers 25 different credentialing opportunities to our state regulators, covering bank safety and soundness, mortgage, money services businesses, trust, IT/cyber, and other specialty areas. More than 1,135 state regulators from 49 agencies in 44 states hold an active certification.

## Accreditation

CSBS offers [three accreditation programs](#) that evaluate a state agency's ability to fulfil its responsibilities as a bank, mortgage, or MSB regulator. To earn accreditation, states undergo a self-assessment process and a review by former regulators every five years. The accreditation program promotes a common framework for state supervision, process standardization, and best practices. CSBS completed 11 accreditation reviews in 2024.

## Supporting Our People

The dedicated CSBS team is the heart and soul of our organization. The staff comes from across the United States, providing diverse perspectives to support the mission of our members. Many have industry, state, and federal experience in the financial services sector.

CSBS employees have established several employee resource groups, which help foster an inclusive, supportive workplace. These groups provide opportunities for connection, engagement, and professional growth and are open to all staff members. In 2024, these groups held events that celebrated different

cultures, experiences, and perspectives, including promoting mental health awareness, raising more than \$4,200 to fight children's cancer, supporting LGBTQIA+ local businesses and books, visiting the National Museum of African American History and Culture, taking a virtual tour of Nashville's rich history of Black musicians, and celebrating the South Korean festival Chuseok.

In 2024, CSBS was certified as a [Great Place to Work®](#) for the sixth consecutive year, with high marks for camaraderie, benefits, and workplace flexibility.

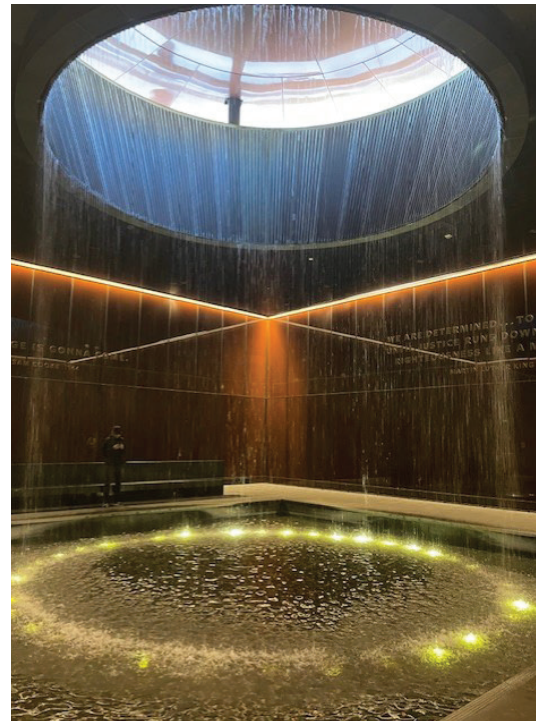
### Values Instilled Behaviors for Excellence:



Great organizations start with great people and strong values. At CSBS, we are committed to demonstrating member/customer service, ownership/engagement, collaboration, teamwork and respect/trust at all levels of the organization.

The CSBS VIBE embodies the trust, respect, and teamwork necessary to sustain an effective, agile, and responsive workforce.





(L-R) CSBS staff visited the The National Museum of African American History and Culture, held a Halloween costume competition and celebrated Pride month.



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