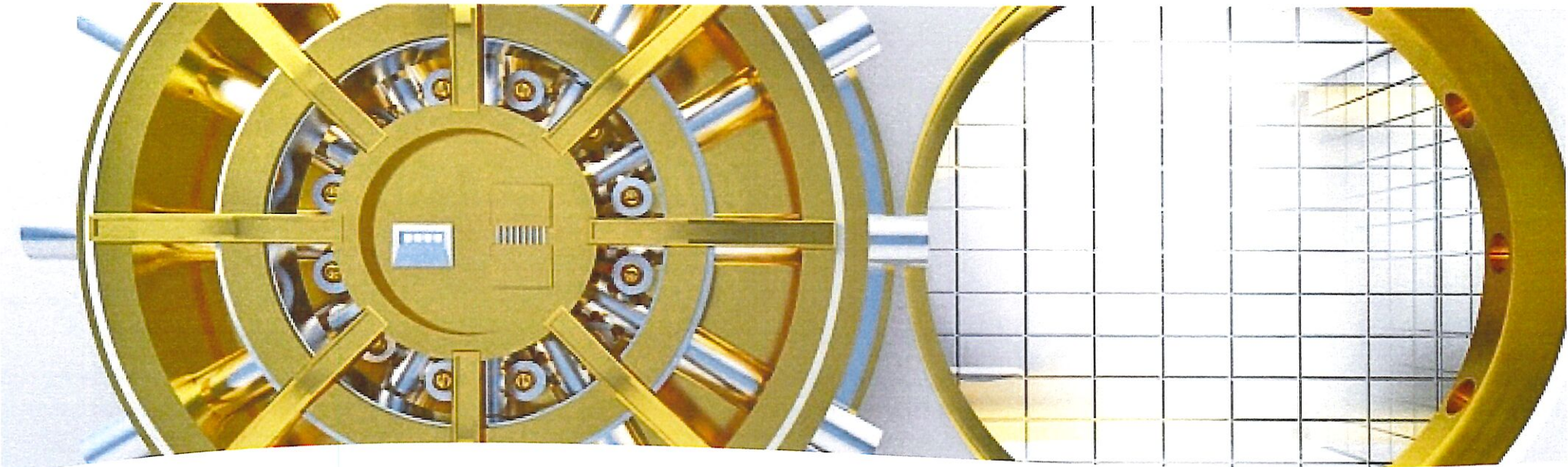


KIM REYNOLDS  
GOVERNOR  
ADAM GREGG  
LT. GOVERNOR

JEFF PLAGGE  
SUPERINTENDENT

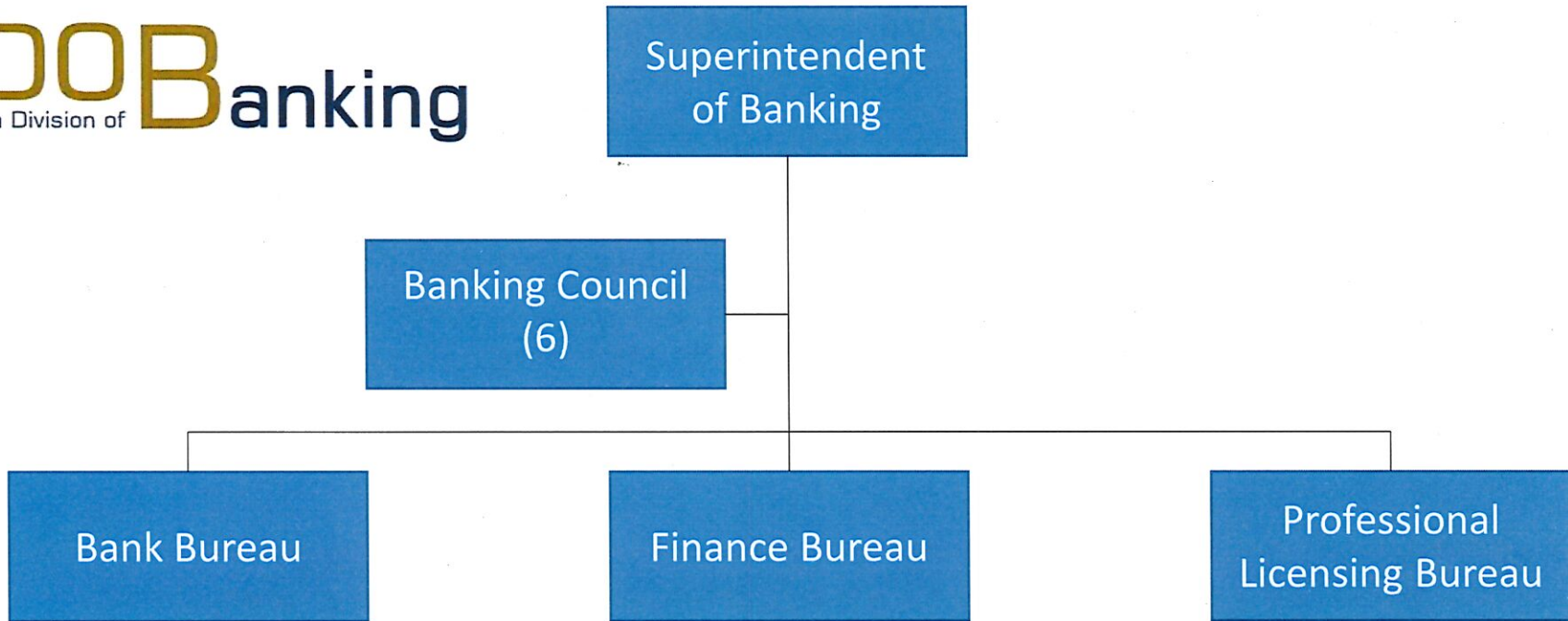
**Iowa Division of Banking Update  
Administration and Regulation Appropriations Subcommittee – February 4, 2020**

- **Iowa communities are more successful when they have strong, well-run banks. Iowa citizens deserve and receive professional, competent, and safe services.**
  - ✓ Quality bank supervision helps ensure strong banks that provide quality financial services in their communities. Ninety-six percent of Iowa state-chartered banks are in satisfactory condition.
  - ✓ The IDOB is recognized nationally as a leader in its supervisory programs.
  - ✓ The IDOB, in conjunction with seven professional licensing boards, ensures Iowa citizens receive professional, competent, and safe services provided by licensed or registered professionals conducting business in Iowa.
  
- **The IDOB is funded entirely by the entities we supervise, mostly provided by state-chartered banks. We provide cost-effective supervision.**
  
- **Highlights of the IDOB's recent accomplishments**
  - ✓ The IDOB's bank and mortgage supervision programs were re-accredited by the Conference of State Bank Supervisors in June 2019 and received very favorable feedback from the re-accreditation review team.
  - ✓ The FFIEC Appraisal Subcommittee audited the IDOB's real estate appraisal and appraisal management company programs and assigned respective ratings of "excellent" and "good," qualifying both programs to remain on a two-year audit cycle (rather than a one-year cycle).
  - ✓ We are happy with the results of our efforts to build up our bank bureau in light of a significant number of retirements. Stepping up our recruiting efforts, including using an internship program, and emphasizing a quality training program have helped us hire and train some excellent new examiners to supplement our more experienced staff. These efforts have alleviated the stress on the examination schedule discussed in previous years.
  - ✓ The Professional Licensing Bureau continues to provide reasonable regulation of professions to protect the citizens of the state of Iowa.
  
- **Risks, challenges, and opportunities**
  - ✓ As the financial services industry moves further into the digital age, IT and cyber risk continue to be one of the largest risks faced by financial services providers. As a result, one of our largest challenges and opportunities is ensuring our IT and cyber examination capabilities keep up with the rapid pace of change in the digitalization of financial services.
  - ✓ A large number of state-chartered banks have exposure to the agricultural economy, and we continue to keep a close eye on how this sector is performing and its impact on banks.
  - ✓ We are reviewing our banking code, providing an opportunity to modernize it with an eye to the future.
  - ✓ Money Services Businesses are a growth area, especially with the rapid proliferation of FinTech solutions in this space.
  - ✓ Our finance bureau (non-bank) staff now faces its own retirement bubble as four of its seven staff are near retirement.
  - ✓ Disruptive technologies and continued evolution of payment systems are contributing to rapid and constant change in the financial services industry. Keeping pace with these changes will be critical to maintaining a robust supervisory program while also ensuring Iowans and Iowa financial services providers are able to take advantage of the efficiencies and opportunities offered by new products and technologies.



**IDOB**anking  
Iowa Division of

- Vision
  - Regulated financial and professional services are provided to Iowans in a fair and competitive marketplace.
- Mission
  - Protect the interests of those doing business with Iowa chartered banks, licensed financial service providers, and licensed professionals through regulation that ensures safety, soundness, and adherence to laws and regulations.

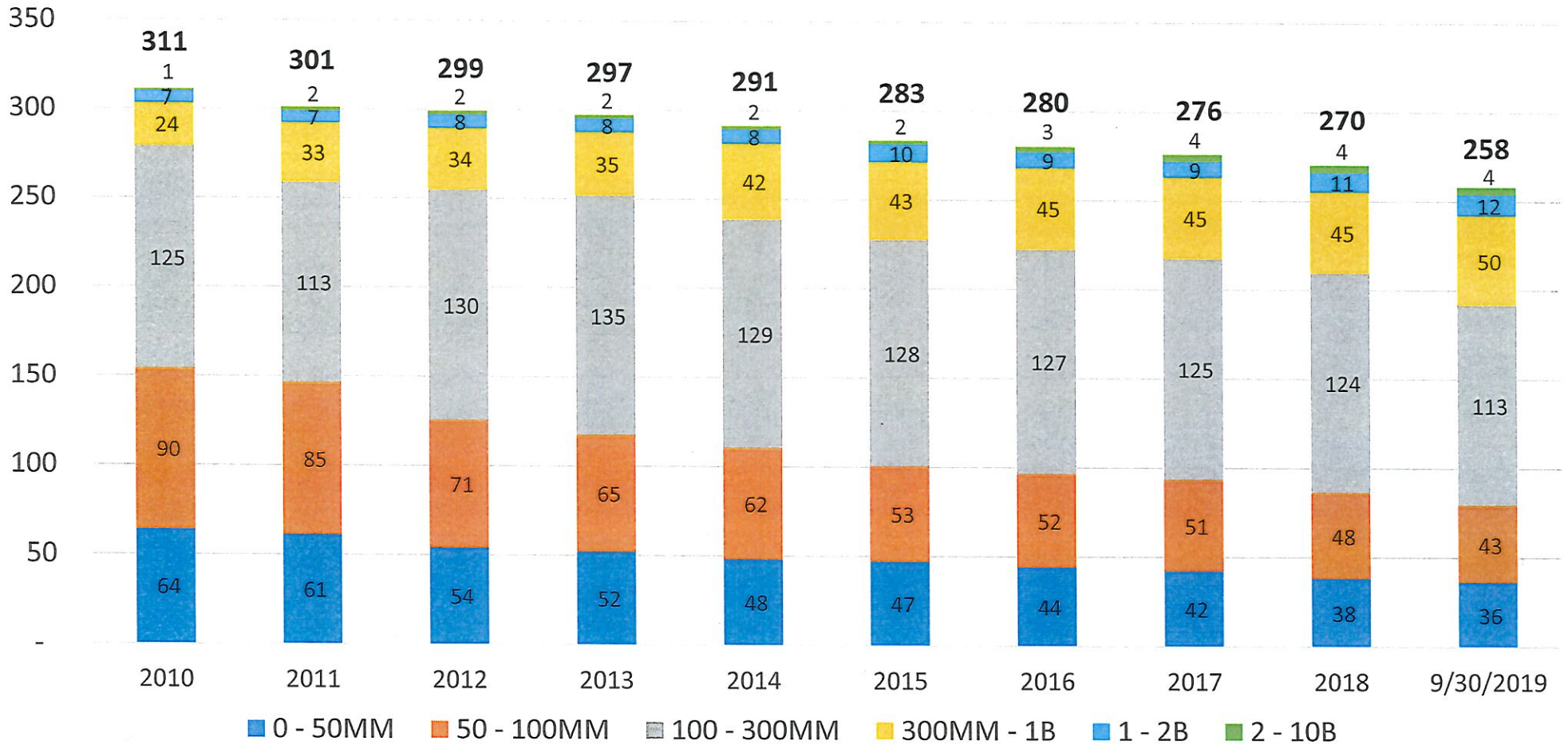


- Charters and supervises state-chartered banks, holding companies, and one non-depository trust company

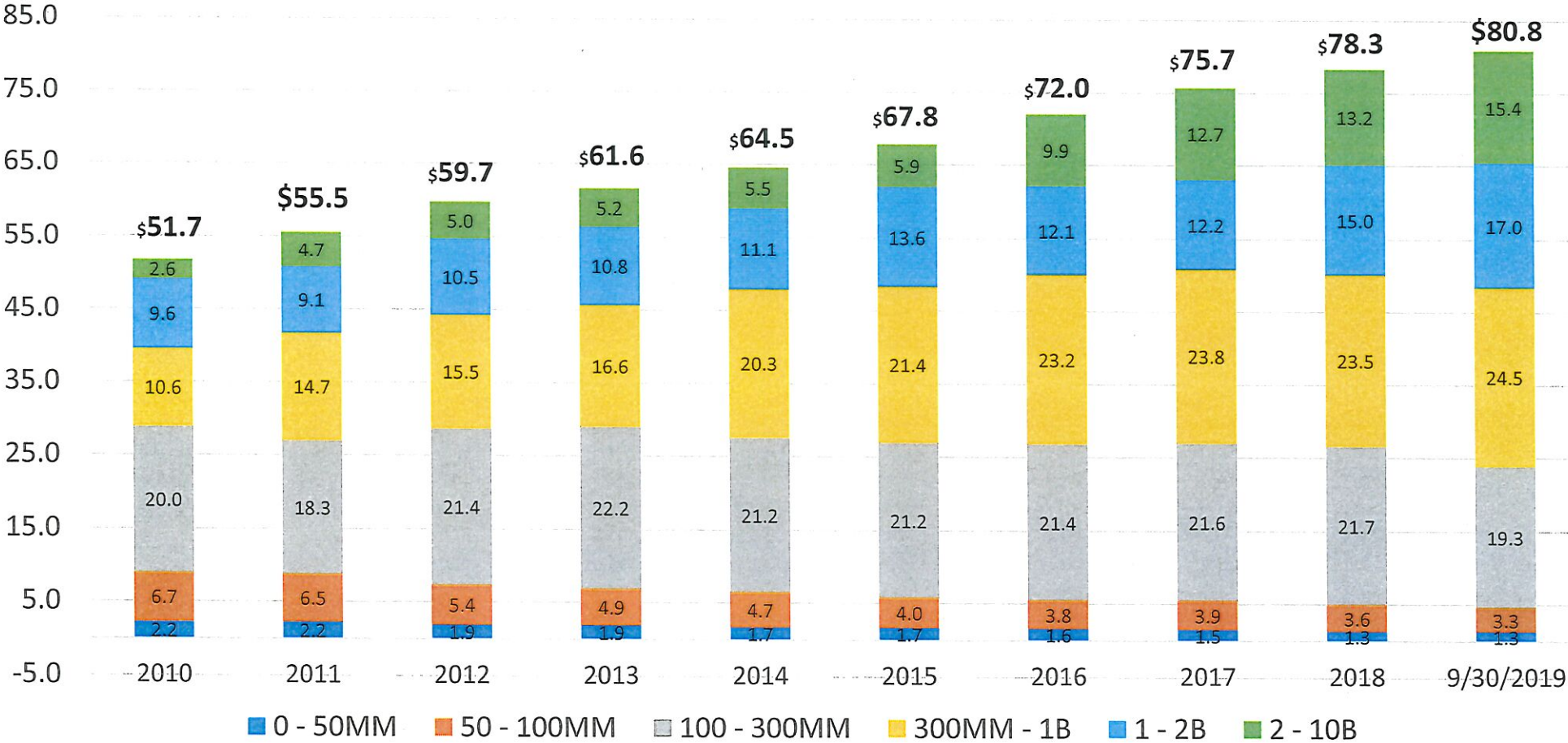
- Licenses and regulates consumer lenders, mortgage businesses, and payday lenders
- Oversees the Real Estate Appraiser Examining Board

- Consists of licensing boards for accountants, architects, engineers and land surveyors, landscape architects, real estate brokers and agents, and interior designers

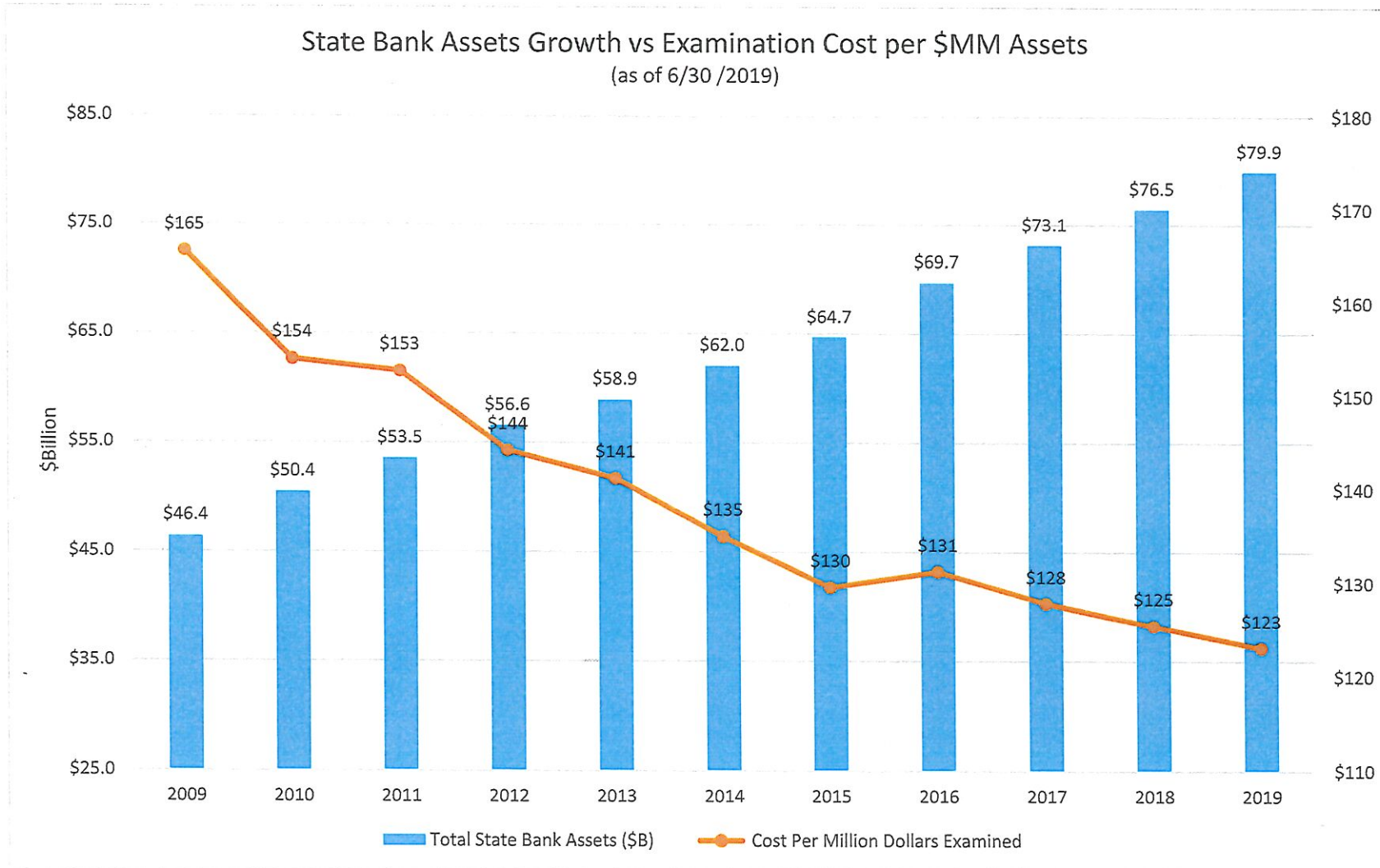
## NUMBER OF IOWA STATE-CHARTERED BANKS



## IOWA STATE-CHARTERED BANKS TOTAL ASSETS BY BANK SIZE (in Billions)



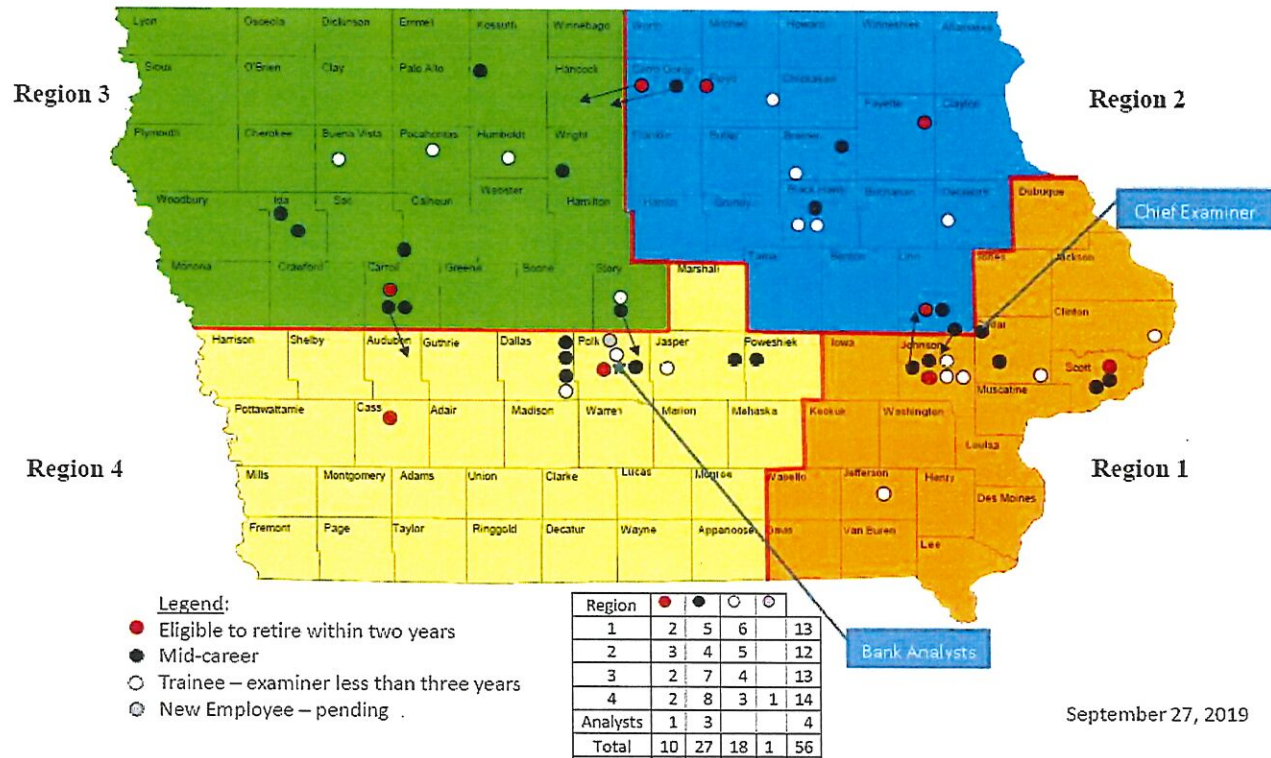
State Bank Total Assets Growth vs Regulatory Costs



Staff Map with Projected Retirements



Bank Safety & Soundness Employees



# Iowa Division of Banking

## Finance Bureau

### A. What is our Mission & Purpose?

Protect the interests of those doing business with licensed financial service providers through regulation that ensures safety, soundness, and adherence to laws and regulations.

### B. Who do we regulate? (As of 1-1-2020)

1. Appraisal Management Companies – 86 licenses
  2. Debt management (consumer credit counselors) – 57 companies with 63 licenses
  3. Delayed Deposit Services Businesses (Payday Lenders) 20 companies that hold 133 licenses
  4. Loan companies – 174 companies with 321 licenses (20 companies with 39 branches in Iowa)
  5. Money Services Businesses – 152 licenses
  6. Mortgage bankers/brokers – 476 company licenses, 716 branch licenses, and 7,559 individual mortgage loan originators
  7. Real Estate Appraisers – 1,220 Appraisers
  8. Real Estate Closing Agents – 92 licenses
- Total Licenses 10,818: Individuals–8,779; Companies–1,057; Branches–982**

### C. What do we do?

1. **Board Administration** –The Board is responsible for establishing and enforcing standards for licensure, certification, or registration. The standards include initial education, experience, a test, continuing education, and work product review. IDOB staff supports the board by:
  - Scheduling meetings, recording minutes, and retaining records;
  - Managing the budget; and
  - Providing supervisory authority over the board relating to actions recommended or proposed by the board which may be anticompetitive.
2. **Licensing** – Original & Annual Renewal.
  - All licenses other than Real Estate Appraisers are due for annual renewal on December 1 (license year is calendar year).
  - Real Estate Appraisers are biennial licenses that renew on June 30.
  - 144 new company licenses were issued in 2019.
  - 2,750 new loan originators were approved in 2019.
3. **Examinations** –
  - Required by statute to examine 444 licensees in 2019 (Delayed Deposit Licensees and in-state finance company licensees annually and mortgage bankers/brokers/closing agents every other year). We also examine selected debt management companies, non-resident finance companies, and money services businesses.
  - Conducted 532 exams in 2019.
4. **Complaint Investigation** – investigated 28 complaints in 2019.
5. **Correspondence - Position Requests – Queries – Other**

### D. Funded by licensing and examination fees paid by licensees. Budget request is included with the Division's total request. MSB is accounted for in a separate fund.

### E. Staffing: 7 FTE



# Iowa Division of Banking

## Professional Licensing & Regulation Bureau

**Who are the boards and what professionals do we license?** (30,948 Individuals and 1,648 firms as of 1/1/2020):

- **Iowa Accountancy Examining Board** - 6,852 CPAs, 66 LPAs, 548 firms (June 30 annual renewal)
- **Architectural Examining Board** – 2,300 individuals (June 30 biennial renewal)
- **Engineering and Land Surveying Examining Board** – 10,378 individuals (December 31 biennial renewal)
- **Interior Design Examining Board** - 76 individuals (June 30 biennial renewal)
- **Landscape Architectural Examining Board** - 305 individuals (June 30 biennial renewal)
- **Real Estate Commission** – 7,681 RE Salespeople; 3,290 RE Brokers; 1,100 Firms (December 31 triennial renewal)

**What do the Boards do?** Protect the public through licensing and responsible regulation. To achieve this goal and to ensure citizens of the state receive professional, competent, and safe services, each board:

- adopts rules and establishes standards,
- examines, licenses, certifies, or issues permits or licenses to practitioners,
- sets standards for license renewal and continuing education;
- investigates all complaints filed and considers alleged violations of its practice or title act and Iowa regulations;
- conducts disciplinary hearings; and
- actively monitors the compliance of licensees with orders issued by the board.

**What does PLB Staff Do?** Staff provide administrative support and coordinating activities for the six professional licensing boards including the following:

- Board Administration – Schedule meetings, provide guidance, record minutes, and retain records.
- Licensing – Original (about 2,400 annually) & Renewal (about 18,400 annually)
- Audits – Continuing education audits (500 annually), trust account audits of real estate brokers (350 annually), and error & omission audits (500 annually)
- Complaint Investigation – investigates about 325 complaints annually
- Other – Correspondence - Position Requests – Queries

### Funding

PLB's adjusted appropriation for FY2020 was \$360,856 and we are requesting with DOM's salary adjustment figure \$375,910 for FY2021. In addition to the appropriation, funding for PLB comes from fees collected from the licensees regulated.

### FY19 Revenues/Expenses:

Total Fines and Fees paid by Licensees: \$2,360,560.

Net General Fund contribution: \$869,969 (\$1,236,232 - \$370,263).

Expenses: \$1,566,403.

### Staffing:

PLB has 10 FTE staff members and 43 board/commission members.