

IDOBanking
Iowa Division of

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Superintendent of Banking



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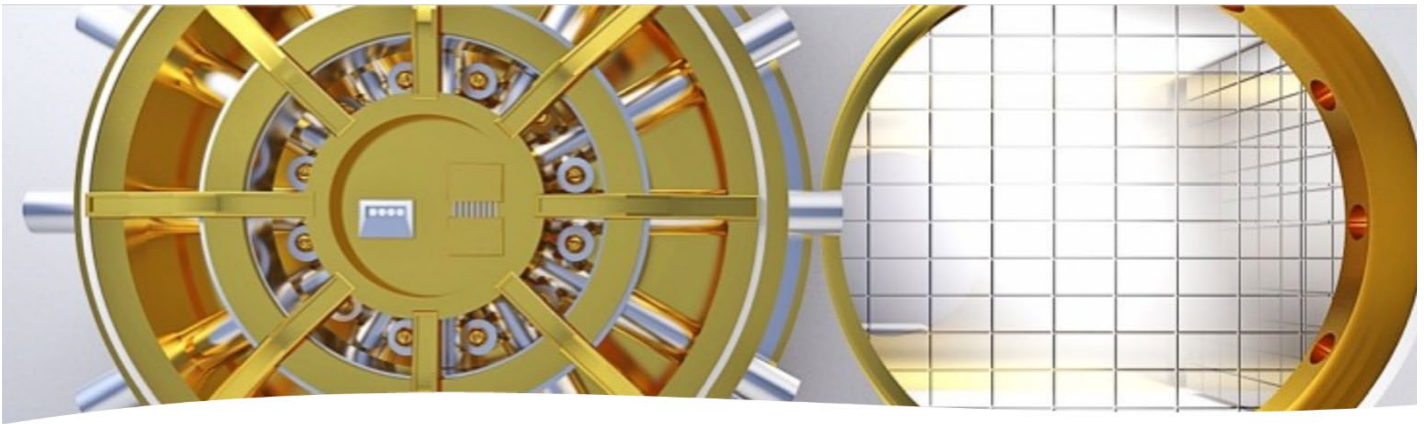
**Iowa Division of Banking Update
Administration and Regulation Appropriations Subcommittee – March 6, 2023**

- **Iowa communities are more successful when they have strong, well-run banks. Iowa citizens deserve and receive professional, competent, and safe financial services.**
 - ✓ Quality bank supervision helps ensure strong banks that provide quality financial services in their communities. 97% of Iowa state-chartered banks are rated 1 or 2 and 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.

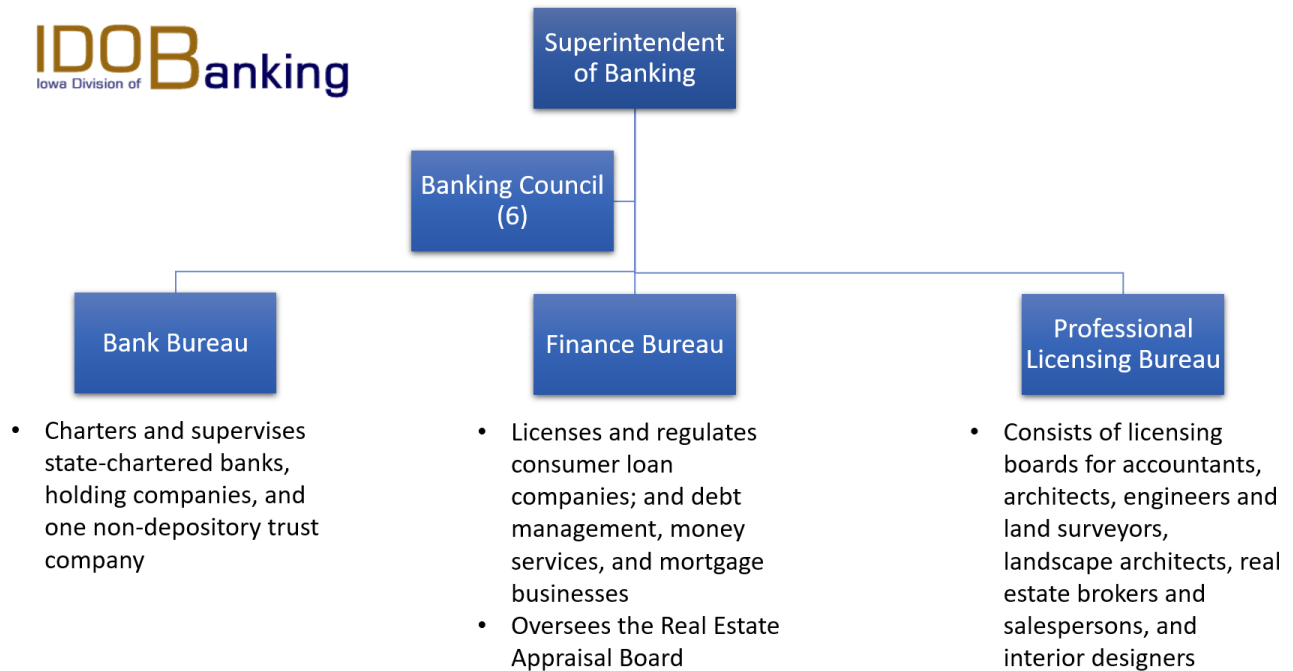
- **The IDOB bank and finance bureaus are funded entirely by the financial service providers and professionals that we supervise and license, with most of the funding provided by state-chartered banks. So, we strive to provide cost-effective supervision.**

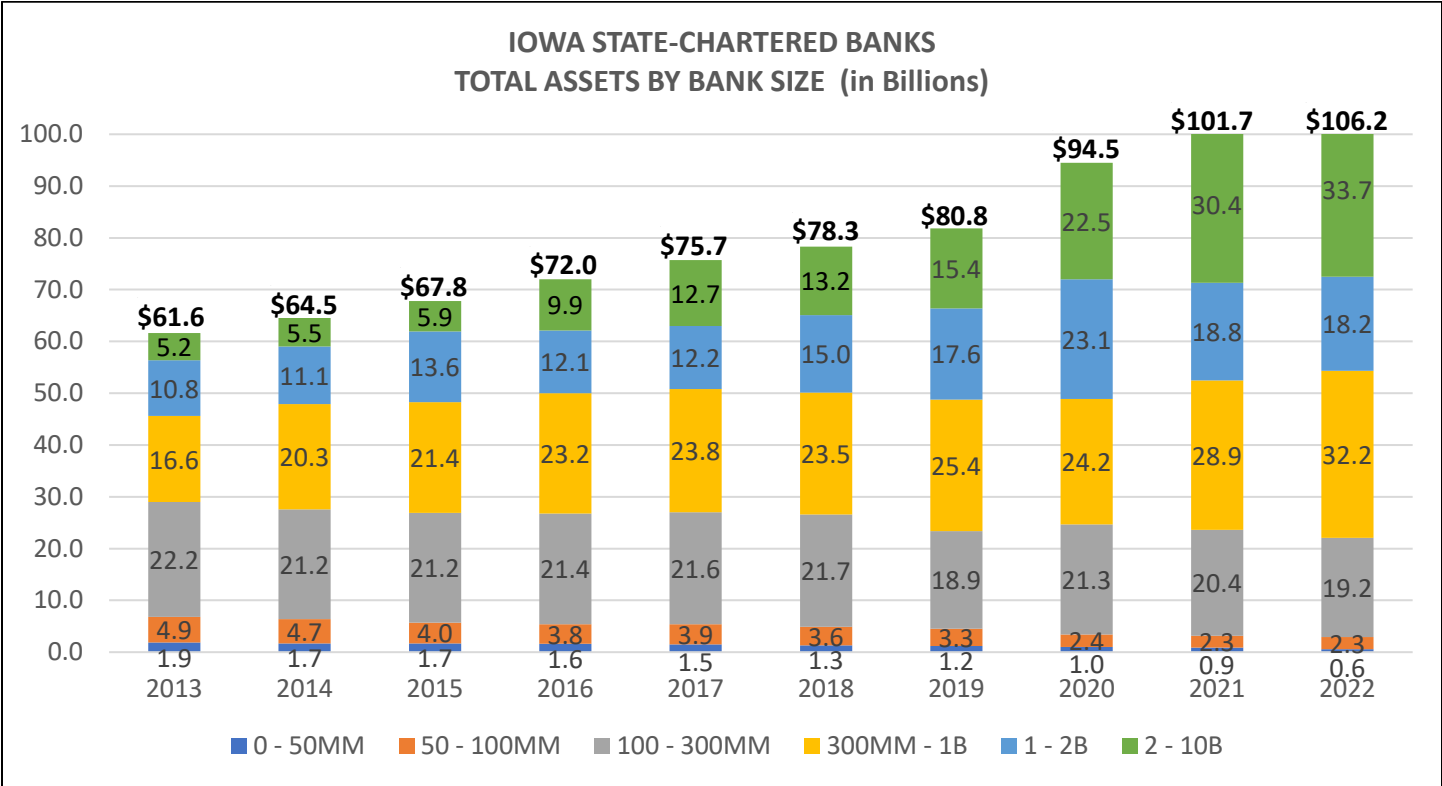
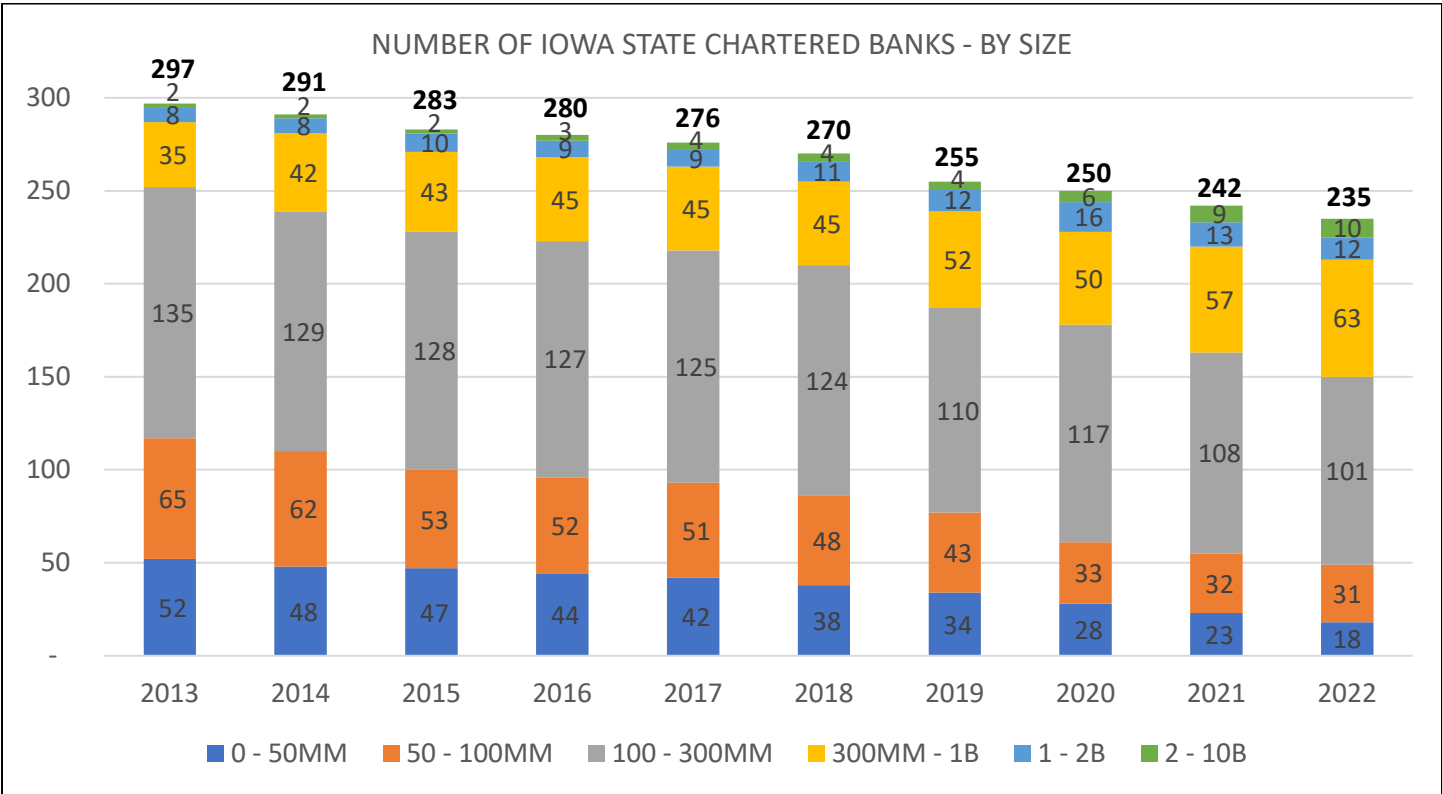
- **Highlights of the IDOB's recent accomplishments.**
 - ✓ We proposed legislation to modernize the Banking Code with an eye to the future and the bill was enacted during the 2022 legislative session. We have a small code correction bill that is being considered in this legislative session.
 - ✓ We have expanded our IT examination specialist program to four examiners who devote full time to conducting IT exams at state banks. This is part of a multi-year plan to develop a team of specialists to address IT and cyber risk as the financial services industry moves further into the digital age.
 - ✓ We continued our internship program and all three interns from 2022 have accepted full time jobs with the IDOB.
 - ✓ We completed a strategic planning process designed to help us prepare for the impact of disruptive technologies on financial services and their regulation and began implementing the plan.
 - ✓ We continue to train new & existing bank examiners as we work our way through bank bureau retirements.
 - ✓ We promoted Craig Christensen to the finance bureau chief position upon the retirement of Rod Reed, the previous chief, after 36 years of service to the State of Iowa.
 - ✓ The professional licensing bureau continues to provide reasonable regulation of professions to protect the citizens of the state of Iowa.

- **Risks, challenges, and opportunities**
 - ✓ IT and cyber risk continue to be one of the largest and growing risks faced by everyone, including financial service providers. That risk increased during the pandemic with the acceleration of remote banking and other online activities. 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.
 - ✓ Commercial office space is still a significant question in the COVID recovery. This will sort its way out as companies land on their hybrid work strategies, but in the meantime, it creates uncertainty in this space.
 - ✓ Money services businesses are a growth area, especially with the rapid proliferation of FinTech solutions in this space. We have a Money Services/Model Law bill being considered in this legislative session.
 - ✓ Our finance bureau (non-bank) staff now faces its own retirement bubble as three of its seven staff are near retirement.
 - ✓ Disruptive technologies and the 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 service providers are able to take advantage of the efficiencies and opportunities offered by new products and technologies.

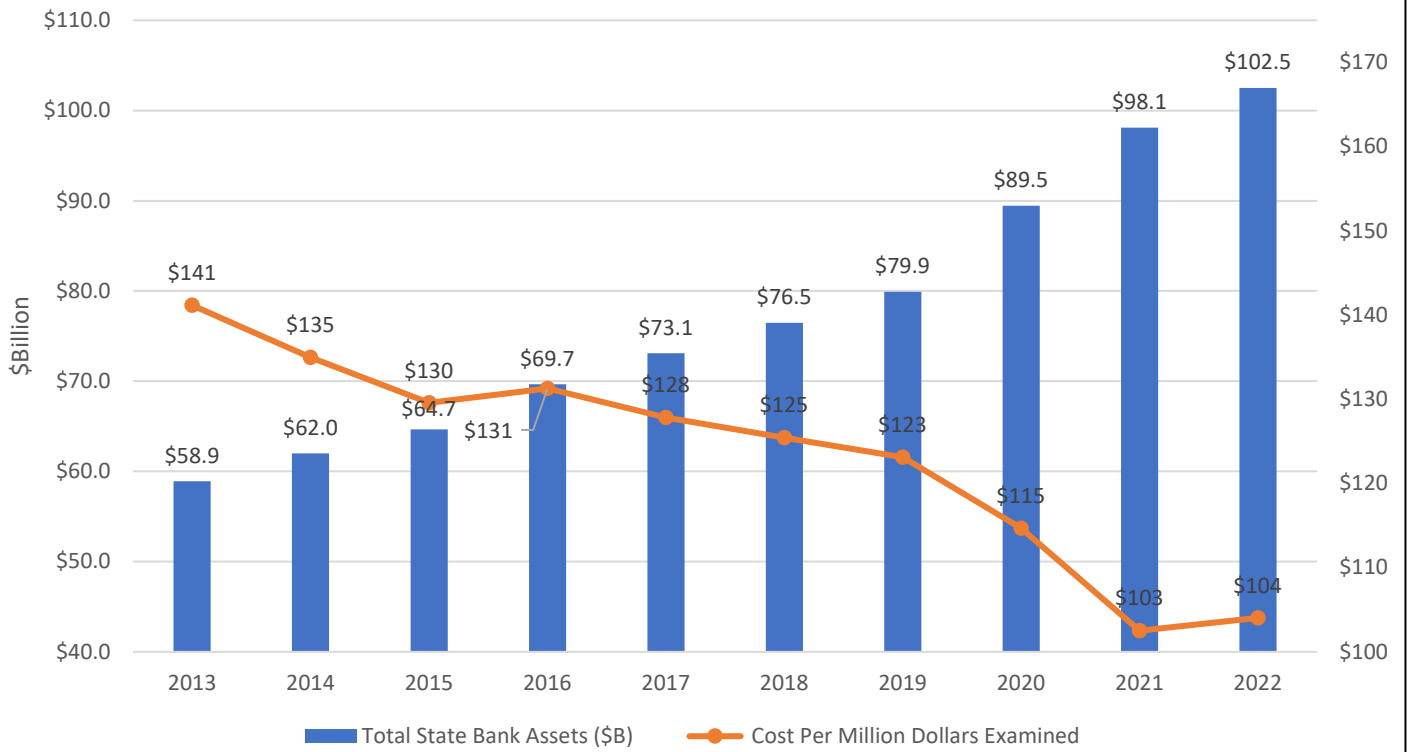


- Vision
 - Ensure that Iowans have access to a fair and competitive marketplace for regulated financial and professional services.
- Mission
 - Protect the interests of those doing business with Iowa chartered banks, licensed financial services providers, and licensed professionals through regulation that ensures safety, soundness, and adherence to applicable laws.





State Bank Assets Growth vs Examination Cost per \$MM Assets (as of 6/30/2022)



IDOB Professional Licensing & Regulation Bureau

The Professional Licensing & Regulation Bureau (PLB) is responsible for the licensing and regulation of the following professions consisting of approximately 35,000 licensees as of February 15, 2023:

- **Iowa Accountancy Examining Board** – 6,941 CPAs, 67 LPAs, 529 firms (June 30 annual renewal)
- **Architectural Examining Board** – 2,634 individuals (June 30 biennial renewal)
- **Engineering and Land Surveying Examining Board** – 11,323 individuals (December 31 biennial renewal)
- **Interior Design Examining Board** - 74 individuals (June 30 biennial renewal)
- **Landscape Architectural Examining Board** - 318 individuals (June 30 biennial renewal)
- **Real Estate Commission** – 8,668 RE Salespeople; 3,166 RE Brokers; 1,216 Firms (December 31 triennial renewal)

PLB is dedicated to the protection of the public through responsible regulations. 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.

Staff provide administrative support and coordinating activities for the six professional licensing boards.

- **Board Administration** – Schedule meetings, provide guidance, record minutes, and retain records.
- **Licensing** – Process about 13,000 applications, excluding renewals, averaging a 3 day turn around; Renewal applications are mostly automatic (about 16,700 renewal applications with an average turn round of <1 day). (Calendar 2022)
- **Audits** – Continuing education audits (1,283), trust account audits (143) of real estate brokers, and error & omission audits (472) (Calendar 2022)
- **Complaint Investigation** – investigates about 395 complaints annually (Calendar 2022)
- **Other** – Correspondence - Position Requests – Queries

Funding

PLB's appropriation for FY2023 is \$360,856. In addition to the appropriation, funding for PLB comes from fees collected from the licensees regulated.

Staffing:

PLB has 11 FTE staff members and 43 board/commission members.

FTE Positions:

- 1 Bureau Chief, who also administers two boards
- 3 Executive Officers, who are the board administrators for their assigned boards
- 4 administrative support staff
- 1 field auditor
- 1 investigator
- 1 accountant/personnel assistant

IDOB Finance Bureau

A. Who do we regulate? (As of 2-1-2023)

1. Appraisal Management Companies – 80 licenses
2. Debt Management Companies (consumer credit counselors) – 63 companies with 69 licenses
3. Delayed Deposit Services Businesses (Payday Lenders) - 17 companies that hold 68 licenses
4. Loan Companies – 232 companies with 385 licenses (15 companies with 33 branches and 51 total licenses in Iowa)
5. Money Services Businesses – 214 licenses
6. Mortgage Bankers/Brokers and Mortgage Loan Originators (MLOs) – 688 company licenses, 1,195 branch registrations, and 7,386 MLOs
7. Real Estate Appraisers – 1,304 Appraisers
8. Real Estate Closing Agents – 94 licenses

Total Licenses 11,378: Individuals–8,688; Companies–1,388; Branches–1,302

B. What do we do? Protect the interests of those doing business with licensed financial services providers through regulation that ensures safety, soundness, and adherence to applicable laws.

1. **REAP 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.
 - Real Estate Appraisers are biennial licenses that renew on June 30.
 - New company licenses issued in 2020, 2021, and 2022 totaled 170, 154, and 182, respectively.
 - New MLO licenses approved in 2020, 2021 and 2022 totaled: 5,268; 5,048; and 2,358, respectively. 102, 106, and 121 new real estate appraisers were approved in 2020, 2021, and 2022, respectively.
3. **Examinations/Audits** –
 - Required by law to examine delayed deposit and in-state loan companies annually and mortgage bankers/brokers/closing agents every 24 months. We also examine selected debt management companies, non-resident loans companies, and money services businesses.
 - Conducted 581, 584, and 452 exams in 2020, 2021, and 2022, respectively.
 - Conducted 88, 105, and 113 REAP audits in 2020, 2021, and 2022, respectively.
4. **Complaint Investigation** – investigated 87, 72, and 60 complaints in 2020, 2021, and 2022, respectively.
5. **Correspondence - Position Requests – Queries – Other**

C. Funded entirely by licensing and examination fees paid by licensees. Budget request is included with the Division's total request. AMC, MSB, and REAP are accounted for separately.

D. Staffing: 8 FTE