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Iowa Division of Banking FY17 Budget Request

Request \$10,499,790 to meet expanded workload due to conversions to state charter and expanding complexity in the banking industry

- Iowa communities are more successful when they have strong, well run banks.
 - ✓ The IDOB is recognized nationally as a leader in state financial regulation.
 - ✓ The IDOB's strong reputation, together with a significant cost advantage over the OCC, has led to a large number of conversions from a national to state charter. The trend continues as more banks are currently seeking to convert.
 - ✓ Conversion to a state charter provides significant cost savings to converted banks because the IDOB's regulatory costs are approximately 37% of the OCC's costs. If all Iowa state banks switched to a national charter, they would have to pay approximately \$18 million more to the OCC in annual fees than they currently pay the IDOB, making \$18 million less for banks to deploy in Iowa communities.
 - ✓ These conversions are straining our examination resources and compounding our human resources challenges, calling into question our ability to meet required examination schedules.
- Human resources issues remain a significant challenge for the IDOB.
 - ✓ 41% of the IDOB's employees (non-PLB) have left the IDOB since 2011 due to retirement (17 employees) or other reasons (11 employees). 24% of our bank examiners and analysts are eligible to retire within the next 2 years, causing a significant drain on the talent and experience on our examination teams.
 - ✓ Bank examination requires a high level of skill and training. It takes a minimum of two years before a new bank examiner is productive. Training new examiners also takes time of experienced examiners, so they are not as productive. And, it is very expensive and time consuming to train bank examiners, making employee retention critical.
 - ✓ **The IDOB is funded entirely by the entities we supervise, mostly state-chartered banks. The banking industry supports adequate funding for the IDOB.**
- Highlights of the IDOB's accomplishments include:
 - ✓ Beginning to refill pipeline of examiners – 2 new examiners in summer 2015
 - ✓ Conducted two successful internship programs during summer of 2014 and 2015
 - ✓ Established employee onboarding program and stepped up employee recruitment efforts
 - ✓ Worked with DAS and DOM to develop a career path for newer examiners to assist retention efforts (budget request includes the funding to implement this solution)
 - ✓ Conducted 525 non-depository exams resulting in \$194K restitution to Iowa borrowers
 - ✓ Have received final payment in \$1.5M settlement with CashCall (usurious consumer lender) and will be able to distribute restitution to Iowa consumers in near future.

- ✓ Joined 2 multi-state settlements with other state financial regulators and non-depository licensees resulting in restitution to Iowa borrowers of \$11K and fines nearing \$170K for charging improper fees and impermissible activities related to testing and continuing ed.

Chart 1

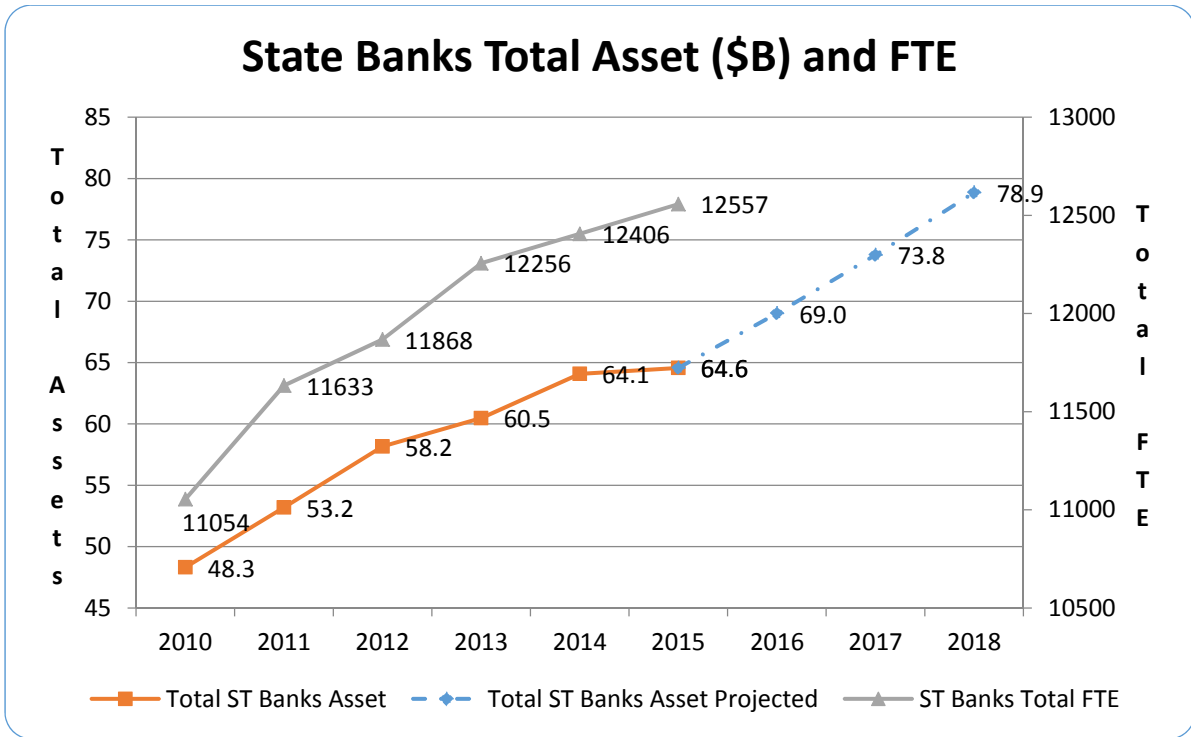


Chart 2

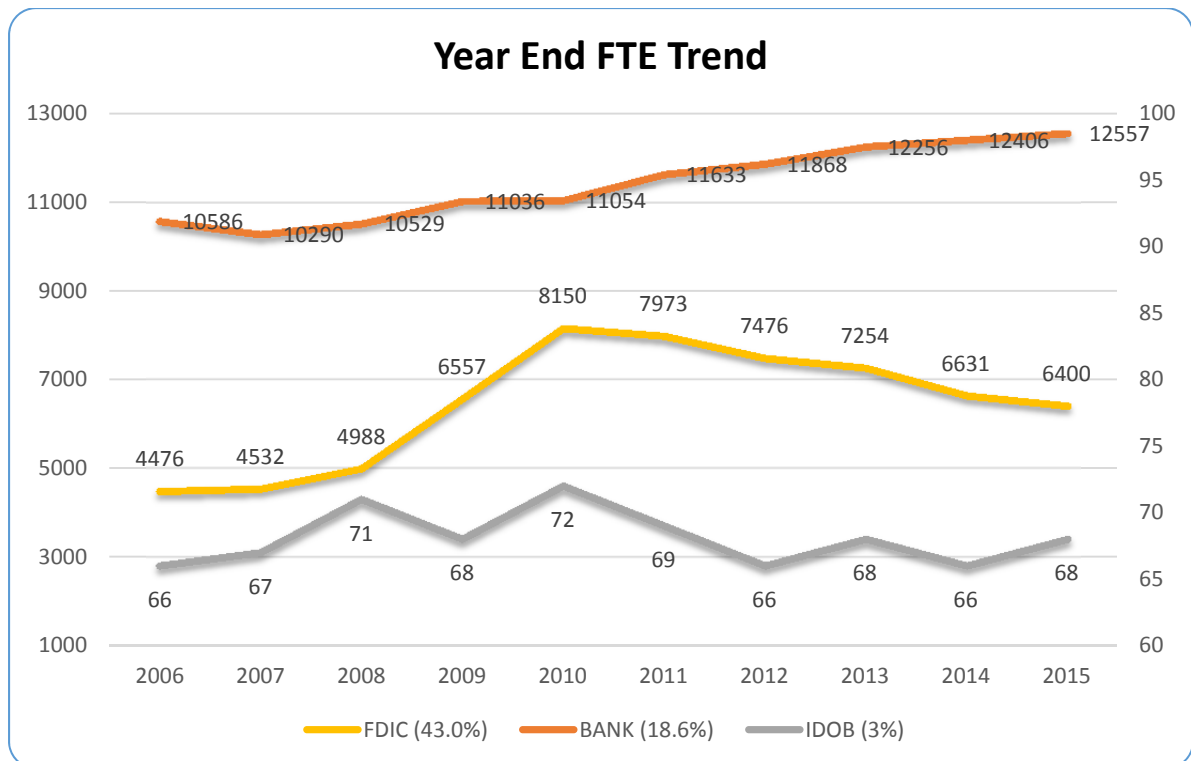


Chart 3

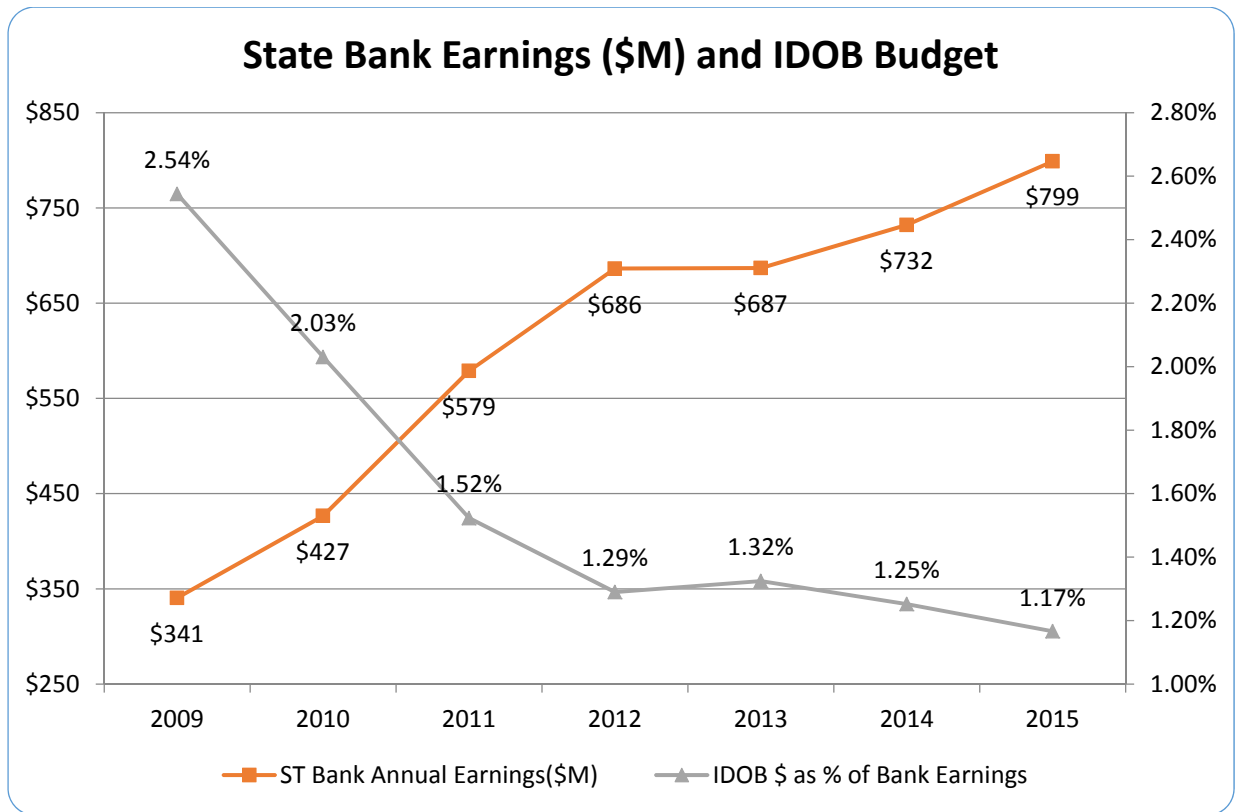


Chart 4

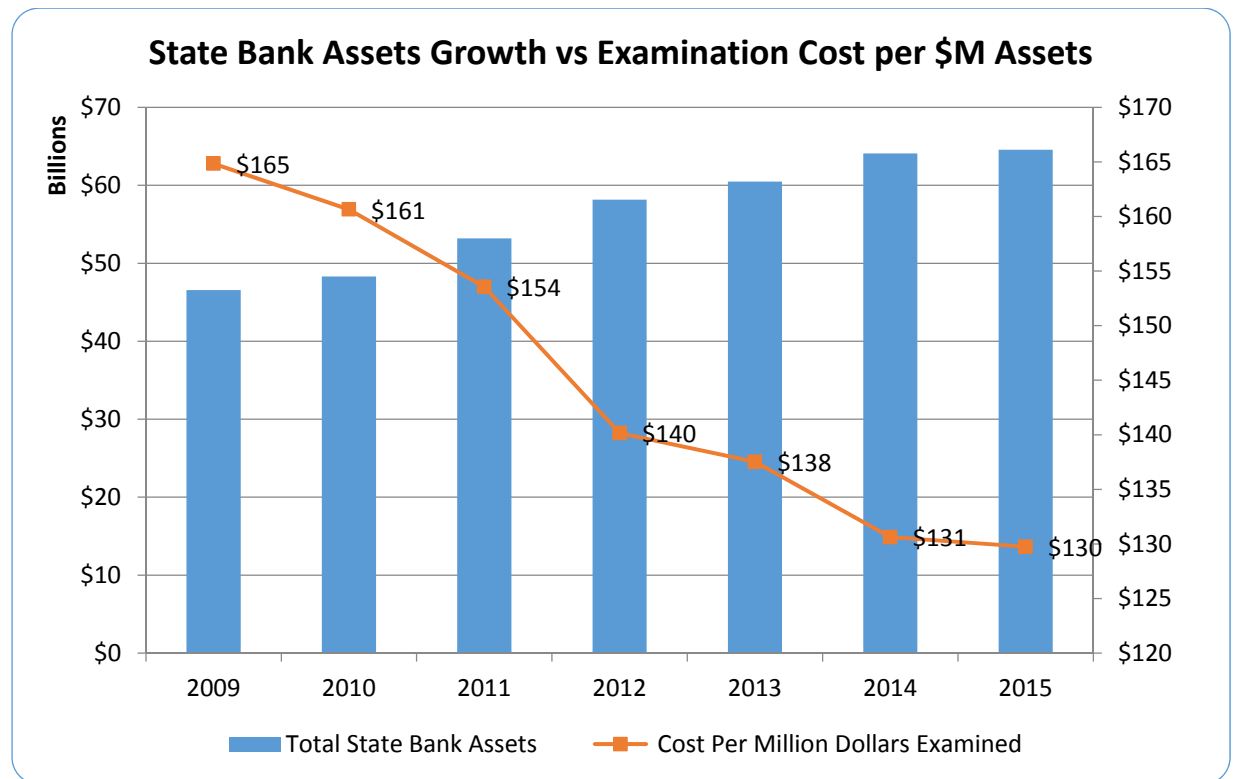


Chart 5

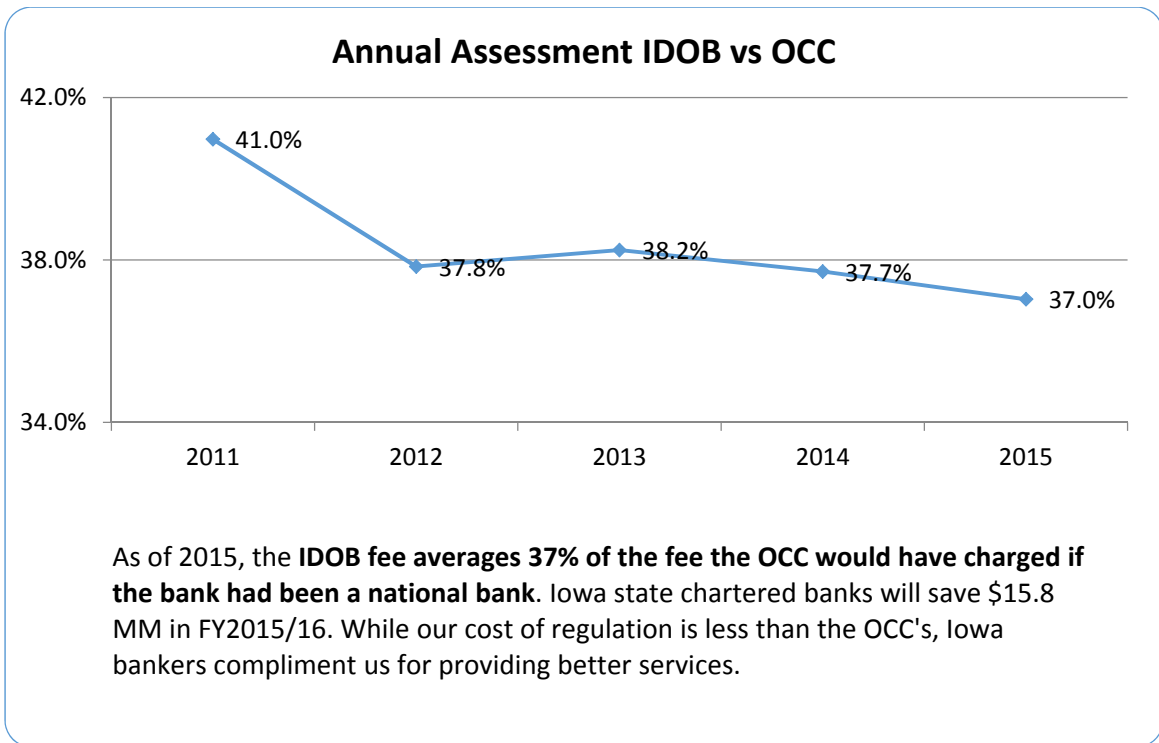


Chart 6

