

State Banking & Trust Regulation

Consequences of Not Funding this Program

There would not be appropriate regulation of state-chartered banking institutions which may cause financial harm to Kansas consumers and business. Federal regulators would still conduct examinations; however, the result would be potential loss of loans and deposits of Kansas state-chartered institutions and the conversion of banking and trust entities to national charters so appropriate regulation could be achieved.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
Specific K.S.A. 9-1701; K.S.A. 75-1304; K.S.A. 74-3004	Mandatory	No	1

Program Goals

- A. Shorten examination turn-around time
- B. Maintain Conference of State Bank Supervisor's (CSBS) accreditation
- C. Remote Examinations

Program History

Authority for this program and the powers of the OSBC were established in K.S.A. 9-101 et seq. The OSBC was established in 1891 by the Legislature to regulate and examine all financial institutions. The regulation of savings and loan associations, credit unions, and securities activities was later removed. Authority for the OSBC is found in K.S.A. 75-1304 et seq., while the State Banking Board is authorized by K.S.A. 74-3004 et seq.

Performance Measures

Outcome Measures	Goal	FY 2019	FY 2020	FY 2021	3- yr. Avg.	FY 2022	FY 2023
1. Percent of independent bank exams with turn around time of less than 30 days in fiscal year.	A	1.7%	24.6%	93.3%	39.9%	95.0%	95.0%
1.a. Percent of independent trust exams with turn around time of less than 30 days in fiscal year.	A	6.3%	50.0%	100.0%	52.1%	95.0%	95.0%
2. Percent of scheduled exams completed within the agency's established/scheduled timeframe of 36 months.	B	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3. Average regulatory cost incurred per bank examination.	B, C	\$ 31,606	\$ 33,572	\$ 37,606	\$ 34,261	\$ 43,515	\$ 49,607
3.a. Average regulatory cost incurred per trust examination.	B, C	\$ 5,863	\$ 6,890	\$ 6,628	\$ 6,460	\$ 6,708	\$ 6,842
<i>Output Measures</i>							
4. Number of bank exams (joint and independent)	B	69	69	66	68	64	62
4.a. Number of trust exams	B	16	18	14	16	17	18
<i>Additional Measures as Necessary</i>							
5. Number of state-chartered banks	N/A	191	187	183	187	177	173
6. Number of problem banks (CAMELS Rating of 3, 4, or 5)	N/A	13	15	8	12	9	10
7. Total assets of problem banks as a percentage of total bank	N/A	2.5%	3.1%	66.0%	23.9%	1.0%	2.0%

Funding

Funding Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	6,630,700	6,284,660	6,548,039	6,497,152	6,573,755	6,873,848
Federal Funds	-	-	-	-	-	-
Total	\$ 6,630,700	\$ 6,284,660	\$ 6,548,039	\$ 6,497,152	\$ 6,573,755	\$ 6,873,848

Tech Enabled Fiduciary Financial Institutions (TEFFI)

Consequences of Not Funding this Program

In addition to violating Senate Substitute for HB2074, the TEFFI business model would not be able to be developed and the State of Kansas would not become the location of the first ever TEFFI. Charitable contributions, qualified investments, and jobs related to TEFFIs would be lost resulting in a financial loss to Kansas and, in particular, a financial loss to designated Economic Growth Zones that would benefit from TEFFI charters and activities.

Statutory Basis	Mandatory vs. Discretionary	MOE/Matc h Rgt.	Priority Level
Specific Senate Sub for HB 2074	Mandatory	No	1

Program Goals

- A. Develop rules and regulations to properly regulate TEFFI entities
- B. Develop examination processes and procedures to assess the operating condition of a TEFFI
- C. Conduct a pilot program that will allow for TEFFI transactions to commence

Program History

The TEFFI bill was introduced to the Kansas legislature during the 2021 legislative session. Senate Sub for HB 2074 was passed by a wide margin in both the House and Senate. No program history exists as this is the first business of this kind, i.e., no other TEFFIs are in existence. For this reason, Outcome Measures and Output Measures have not yet been developed. Outcome Measures and Output Measures will be adopted as the TEFFI program gets closer to and into transactional operation.

Performance Measures

<i>Outcome Measures</i>	<i>Goal</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>3- yr. Avg.</i>	<i>FY 2022</i>	<i>FY 2023</i>
1. Outcome Measure #1							
2. Outcome measure #2							
<i>Output Measures</i>							
4. Additional Output Measure							
5. Additional Output Measure							

Funding

<i>Funding Source</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Consumer Mortgage Lending Regulation

Consequences of Not Funding this Program

Kansas consumers would not have protections such as clear terms, compliant rates/fees, as intended by the legislation that enacted the laws. If the program is not funded, licenses would not be issued and thus examinations not performed. This may lead to contract issues, fraud, and other harmful acts toward consumers.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
Specific K.S.A. 9-2209; K.S.A. 16a-6-104; K.S.A. 50-1116; K.S.A. 9-509	Mandatory	No	1

Program Goals

A. Conduct periodic examinations of regulated entities.
 B. Promote lawful business practices by informing licensees of their compliance responsibilities.
 C. Earn CSBS Accreditation of Mortgage and Money Service Business Programs

Program History

The Consumer and Mortgage Lending (CML) program oversees and supervises consumer credit lenders; mortgage lenders, servicers, and brokers; money transmitters, debt management companies, sales finance companies, and other credit providers. The CML Division administers the Uniform Consumer Credit Code, the Kansas Mortgage Business Act, Credit Services Organization Act, as well as Federal Regulation Z, RESPA, Regulation M, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Equal Credit Opportunity Act, and other applicable federal laws and regulations.

Performance Measures

Outcome Measures	Goal	FY 2019	FY 2020	FY 2021	3- yr. Avg.	FY 2022	FY 2023
1. Percent of scheduled exams completed within the agency's established/scheduled timeframe of 36-48 months.	A	80.0%	75.0%	87.0%	80.7%	87.0%	89.0%
2. Percent of completed initial examinations within 6 months of an entity licensing with the agency.	A	84.0%	39.0%	48.0%	57.0%	50.0%	60.0%
3. Average regulatory cost incurred per CML regulated entity examination	A	\$ 4,174	\$ 3,993	\$ 3,657	\$ 3,941	\$ 3,478	\$ 3,478

Funding

Funding Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	3,591,319	3,757,614	3,790,538	3,777,996	3,399,968	3,472,298
Federal Funds	-	-	-	-	-	-
Total	\$ 3,591,319	\$ 3,757,614	\$ 3,790,538	\$ 3,777,996	\$ 3,399,968	\$ 3,472,298

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4. Additional Output Measure						
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