Department of Financial Institutions - Update

Senate Business, Financial Services & Trade Committee.

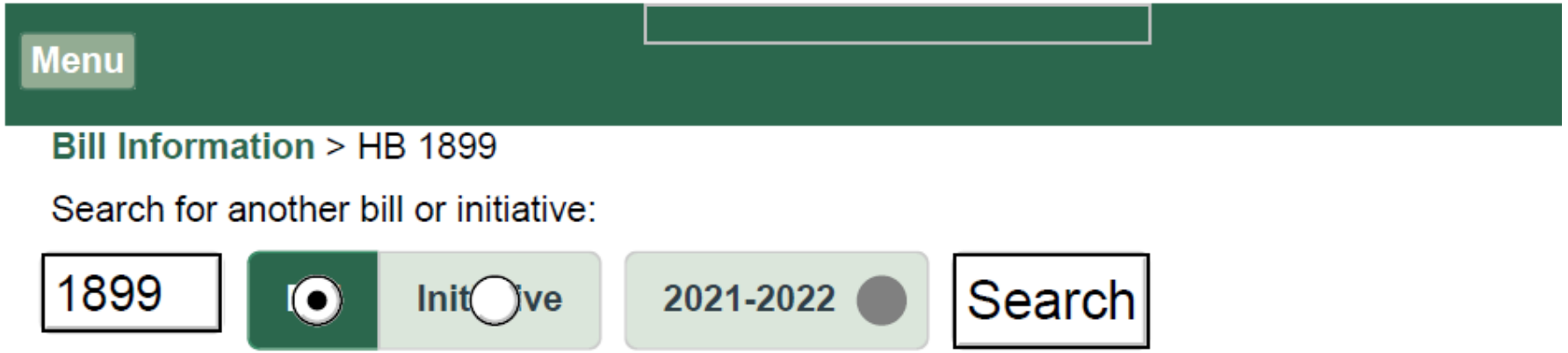
December 2, 2022

Drew Bouton, Director of Policy & Legislative Relations

Brian Guerard, Chief of Enforcement, Securities Division

2022 Session

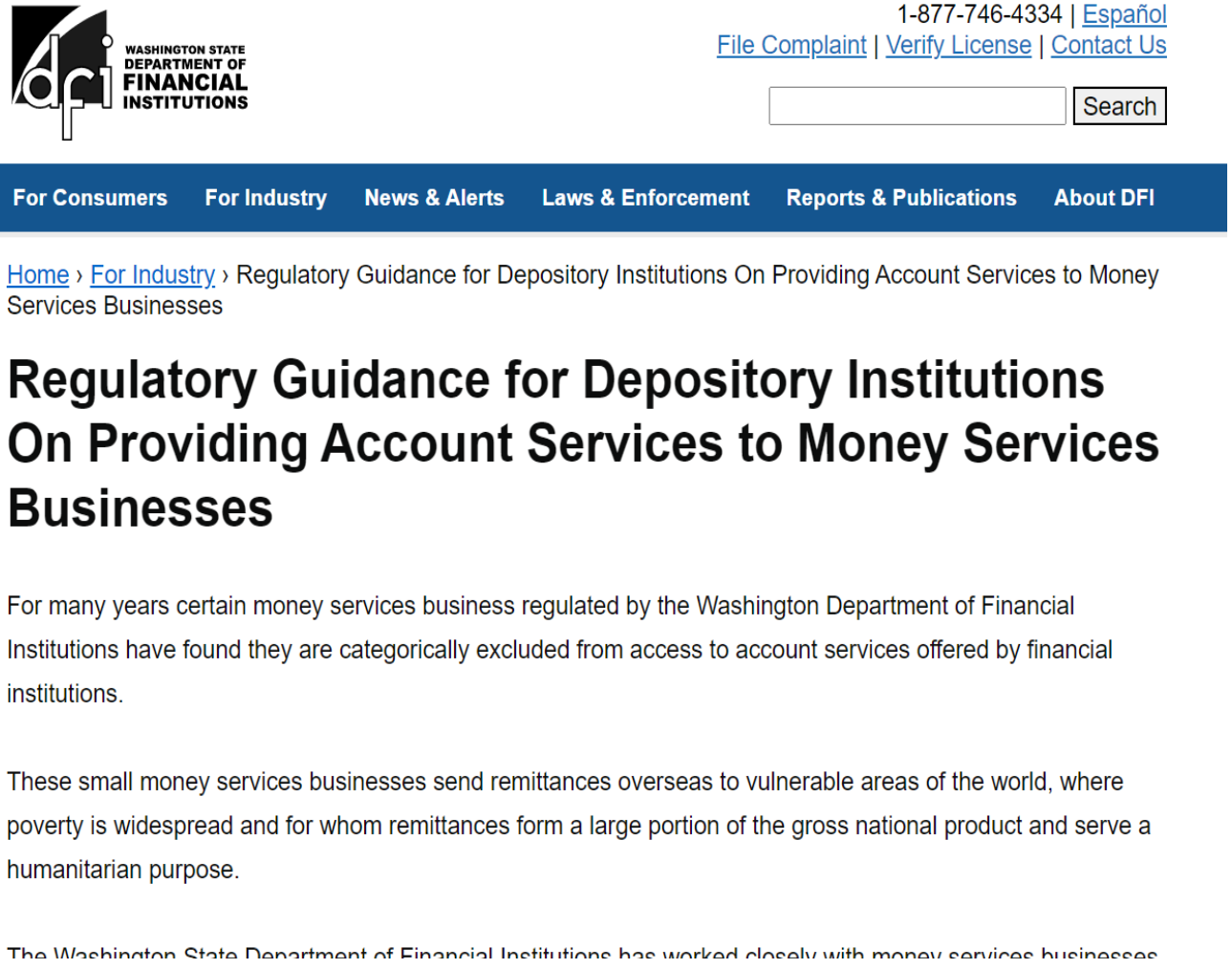
Washington State Legislature



Bill History

HB 1899 Concerning confidentiality of certain data shared with the department of financial institutions

Already helping with joint investigations with SEC.



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State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

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October 14, 2022

MSBs and Depositories

Dear Bank and Credit Union CEOs,

For the better part of the past three years, the Department of Financial Institutions has engaged a wide range of stakeholders in a conversation about derisking and its effects on small money services businesses that serve immigrant communities in our state. We've spoken with depository institutions, small businesses, other regulators, and state and federal legislators, all with an eye toward finding a way forward so that these businesses, which are licensed and regulated by this department, may be able to once again gain access to bank account services.

In the course of this conversation we've learned that small money transmitters serving immigrant communities feel categorically excluded from access to account services, and that the result is compromised public safety. We've also learned that existing regulatory guidance may lack clarity and specificity to get Washington's depository institutions comfortable with the idea of providing account services, specifically foreign remittance, to money transmitters serving immigrant communities. This led us to engage in direct conversation with federal regulators about how depositories could effectively comply with Bank Secrecy Act and Anti-Money Laundering guidance and laws while providing accounts to money transmitters.

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Growth In The Financial Services Sector

2019-2021

- Licenses of consumer loan companies regulated under DFI Consumer Services more than doubled – 4,705 to 11,263.
- Assets held by state chartered credit unions increased from $57.3 to $78.5 billion.

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Financial Services Growth

- Licenses issued by the Division of Securities increased by 26% over the last decade.

Licensee Type	July 1, 2014 Licensee Count	July 1, 2022 Licensee Count	Percent of Increase	2014 number of transactions	2021 number of transactions	2014 volume transactions	2021 volume of transactions
Money Transmitter	132	253	91.6%			$6.6 billion	$90.9 billion
Virtual Currency	3 of 132	50 of 253	1,567%	Unknown	53,544,236	Unknown	$32.0 billion
Residential Loan Origination	491	924	86.2%	78,949 mortgage loans made	318,180 mortgage loans made	$19.8 billion	122.6 billion
Licensed Loan Originators	9,677	23,206	140%				

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Financial Services Growth

Licenses issued by the Division of Consumer Services increased roughly double over the last decade.

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Cybercrime



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Questions?



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Thank you.