Department of Financial Institutions
Agency Overview

Senate Business, Financial Services, Gaming & Trade Committee

January 10, 2023



CHARLIE CLARK, DFI DIRECTOR

ABOUT DFI

MISSION

DFI's Mission is to protect consumers and advance the financial health of Washington State by providing fair regulation of financial services and educating consumers to make informed financial decisions.

DFI Budget Overview

Approved 21-23 Department Budget

- $61.7 Million
- 210.9 FTEs

- **Fund 300 – Financial Service Regulation Account**
  - Dedicated non-GFS, non-appropriated operating fund
  - Self-Supported through fees and assessments.

- **Fund 07A – Mortgage Lending Fraud Prosecution Account**
  - Administered by DFI to fund prosecutions
  - Funded by recording fees collected by county auditors, $1 per recording.

- **Fund 06J – Securities Prosecution Account**
  - Administered by DFI to aid local prosecutors in bringing securities and other investment fraud cases
  - Funded by fines collected under the Securities Act.

Workload and Staffing

Year	2010	2022	Change
Licensees	178,438	260,351	+ 46%
FTEs	188.4	210.9	+ 12%

Growth in the financial services sector has significantly exceeded DFI staffing levels.

ROLES OF DFI DIVISIONS

DIVISIONS:	Banks	Credit Unions	Consumer Services	Securities	Administration
Core mission:	• Safety and Soundness • Compliance	• Safety and Soundness • Compliance	• Consumer Protection • Compliance	• Consumer Protection • Compliance	• Administrative Support
Jurisdiction:	State Chartered Banks and Trust Companies	State Chartered Credit Unions	Non-Depository Financial Institutions: • Consumer Loan Companies • Mortgage Brokers • Mortgage Loan Originators • Residential Mortgage Loan Servicers • Check Casher and Sellers • Payday Lenders • Escrow Companies and Officers • Money Transmitters and Currency Exchangers • Providers of TAX Refund Anticipation Loans (RALS)	Securities Broker/Dealers WA Securities Offerings Investment Advisers and Reps Small business (technical assistance only) Investment Fraud Franchises Business Opportunities Offerings	Legal Affairs Policy and Legislative Public Records Information Technology Budget & Accounting Human Resources Communications & Outreach Facilities
Core Activities:	• Chartering • Examination • Enforcement • Education and Outreach	• Chartering • Examination • Enforcement • Education and Outreach	• Licensing • Examination • Enforcement • Education and Outreach	• Registration • Examination • Enforcement • Education and Outreach	• Agency Management Administrative Services • Education and Outreach

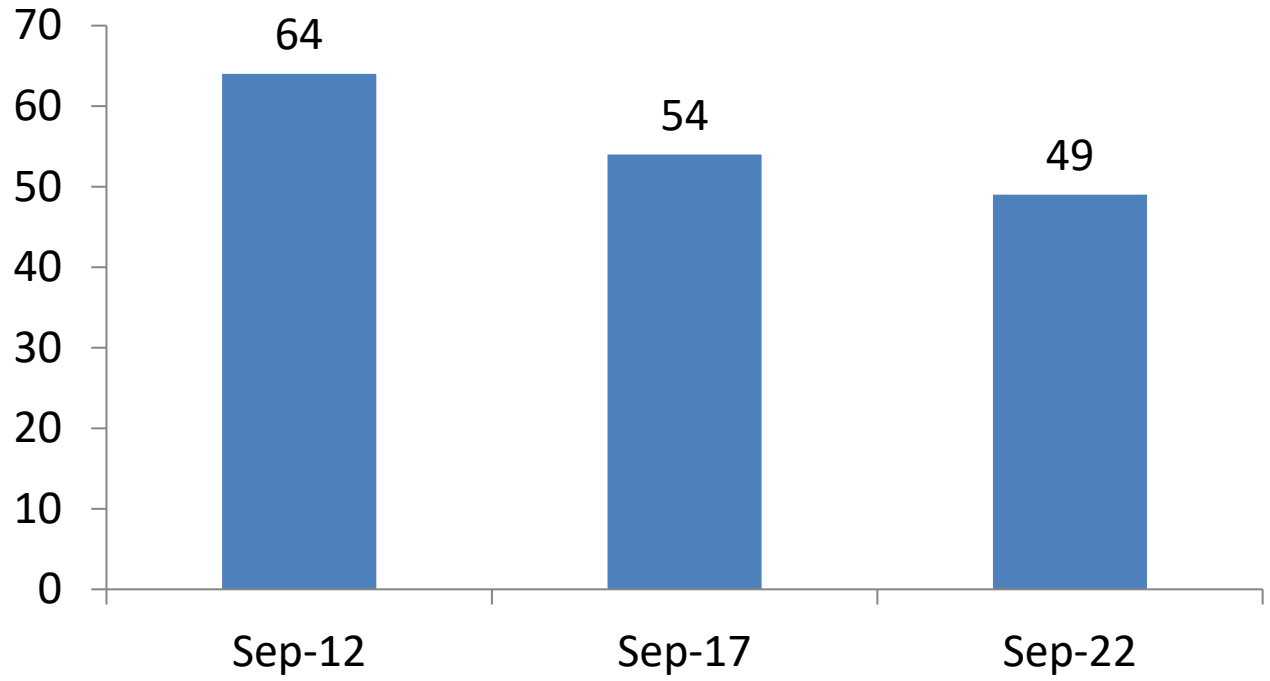
AMY HUNTER, DIRECTOR OF CREDIT UNIONS



DIVISION OF CREDIT UNIONS – OVERVIEW

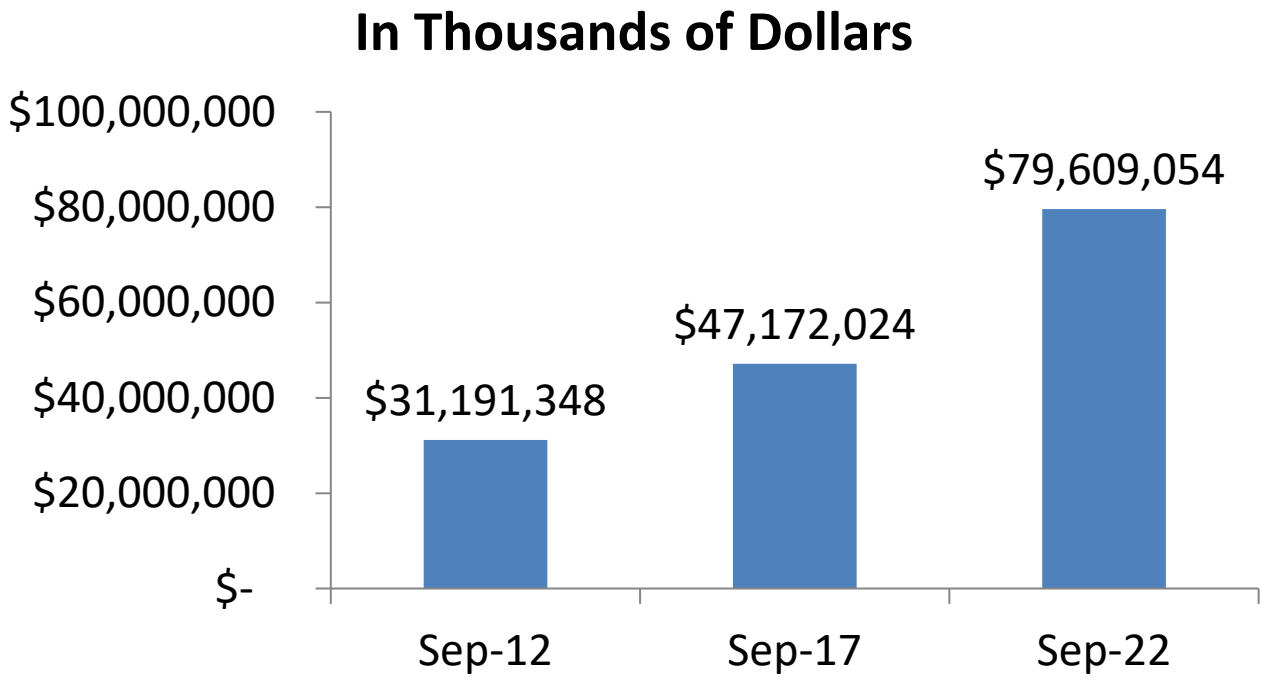
DIVISION OF CREDIT UNIONS

Number of Credit Unions: 2012-2022



DIVISION OF CREDIT UNIONS

Aggregate Credit Union Assets: 2012-2022



DIVISION OF CREDIT UNIONS

Status of State Credit Union Charter

- **The credit union industry in the state is generally healthy, emerging challenges include:**
  - Employee retention and wage pressures
  - Uncertain economic conditions
  - High inflation & rising interest rates
  - Technology is rapidly changing.
- **Cybersecurity remains an ongoing concern.**
- **Consumers are using their credit cards at a higher rate since pre-pandemic environment.**

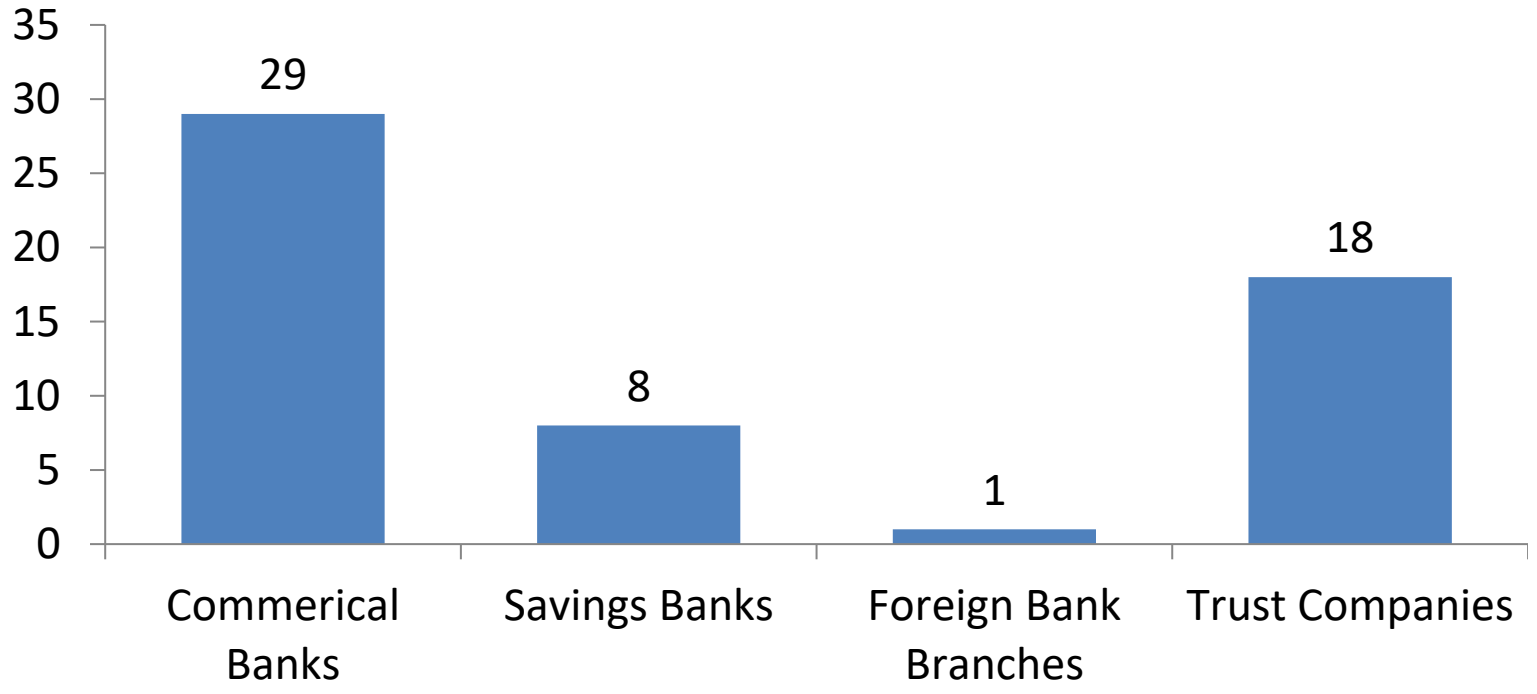
ROBERTA HOLLINSHEAD, DIRECTOR OF BANKS



DIVISION OF BANKS – OVERVIEW

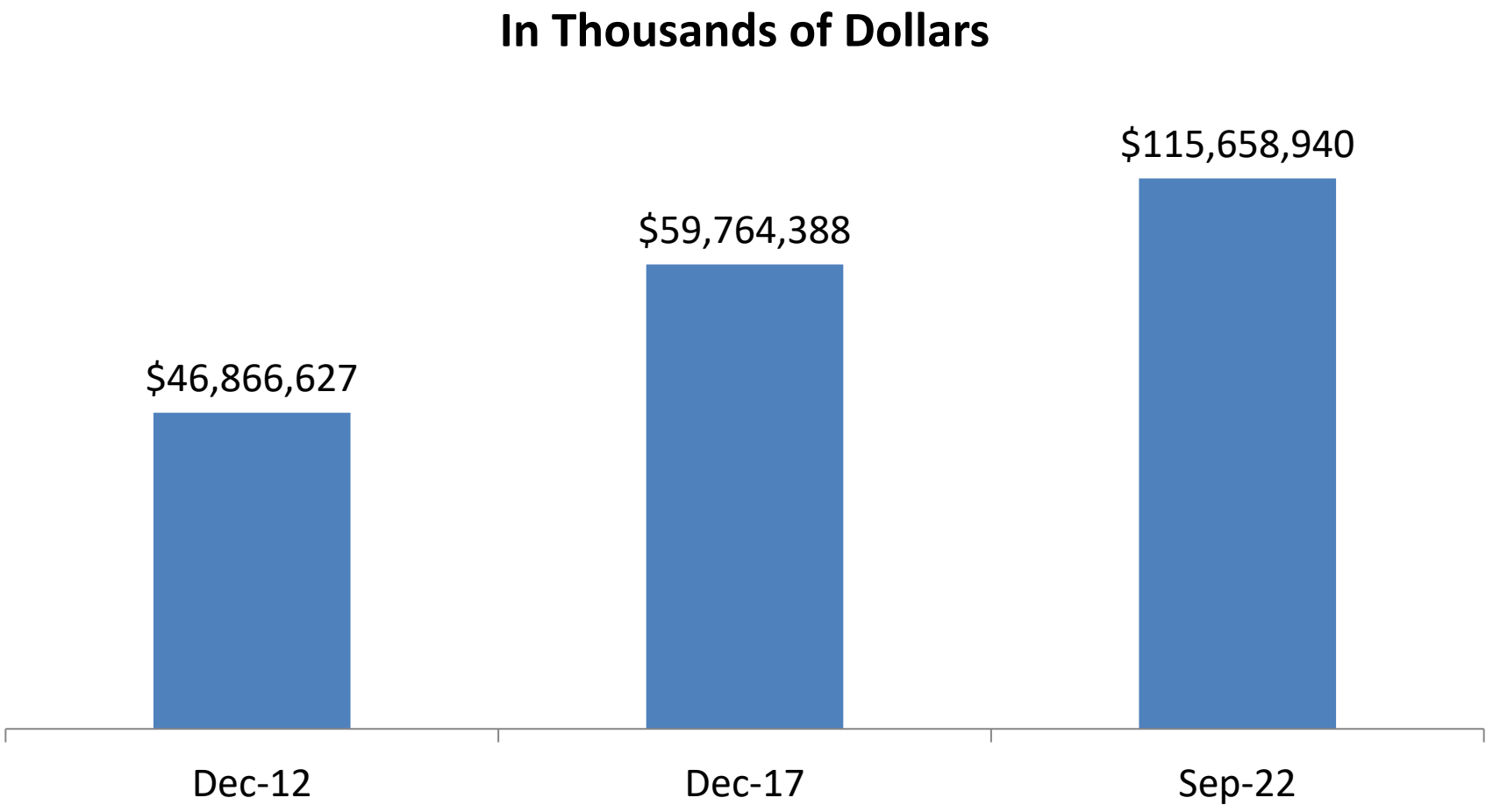
DIVISION OF BANKS

Number of Institutions 2021



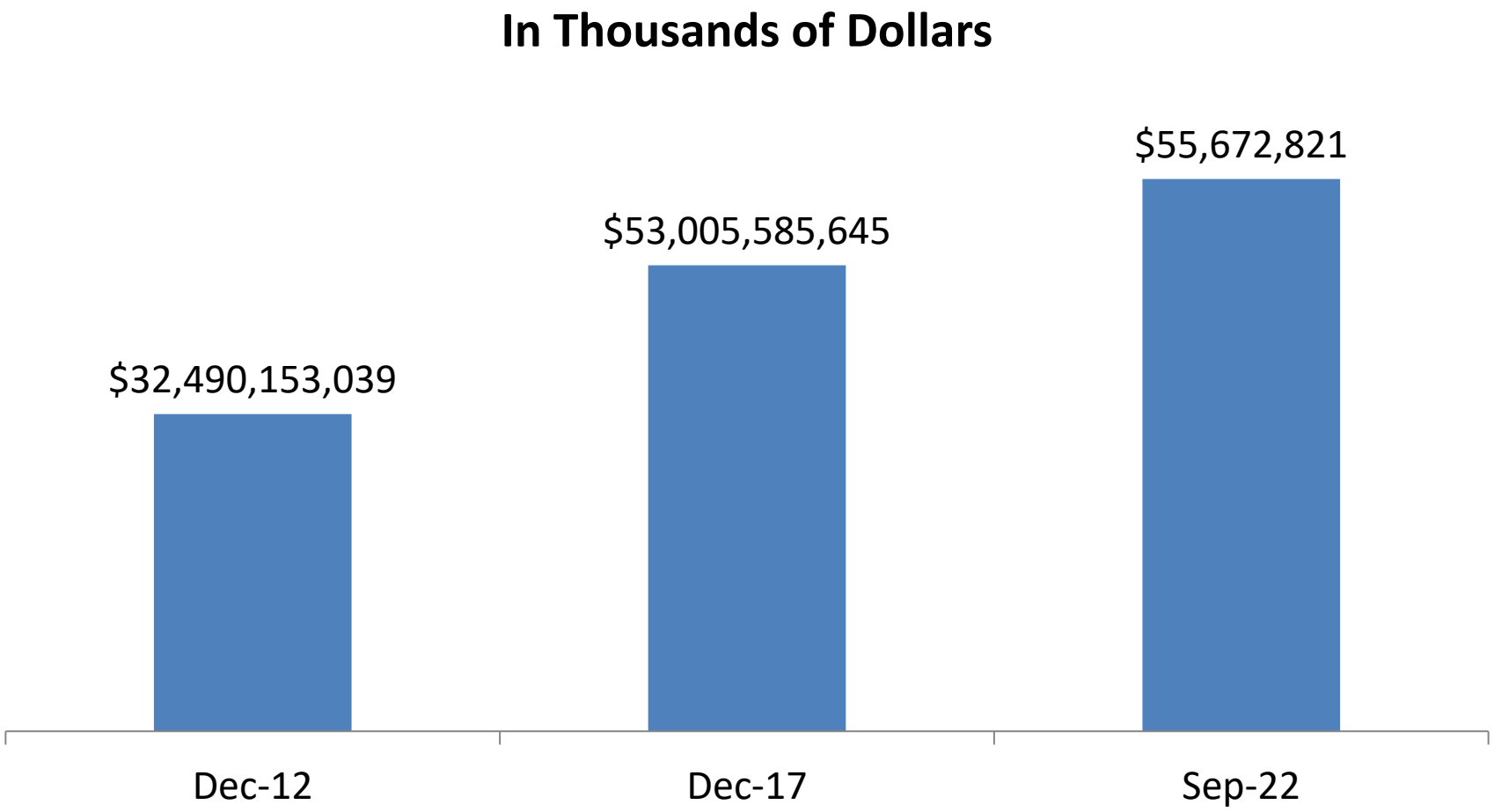
DIVISION OF BANKS

Aggregate Banks Assets: 2022



DIVISION OF BANKS

Aggregate Trust Company Assets: 2022



DIVISION OF BANKS

High Level Overview

- **The banking industry in the state is generally healthy, emerging challenges include:**
  - Employee retention and wage pressures
  - Uncertain economic conditions
  - High inflation & rising interest rates

- **New Washington Bank Charters in 2022**
  - **Two Federal Banks Converted to WA State Charters**
  - Washington Federal – national bank regulated by the OCC
  - Portage Bay Bank – Minnesota state chartered bank
  - **One DeNovo (new bank) Application** – Orca Bank in Bellingham

- **Cybersecurity remains an ongoing concern.**



FAITH ANDERSON, CHIEF OF REGISTRATION and REGULATORY AFFAIRS

DIVISION OF SECURITIES – OVERVIEW

DIVISION OF SECURITIES

Total Registrants/Licensees as of 12/31/2022

REGISTERED OR EXEMPT SECURITIES ISSUANCES (OFFERINGS)	$138 Billion
REGISTRATIONS IN 2022 (NEW, RENEWED & AMENDED)	52,379
ENTITIES REGULATED	
• Broker-Dealers	1,713
• Intra-State Broker-Dealers	1
• State-Registered Investment Advisers	691
• Franchise Brokers	652
• Investment Advisers Notice Filings	2,553
REPRESENTATIVES	
• Investment Adviser Representatives	14,251
• Issuer Agents	61
• Broker-Dealer Salespersons	211,386
• Representatives with Disclosure Histories	6,534

CINDY FAZIO, DIRECTOR OF CONSUMER SERVICES

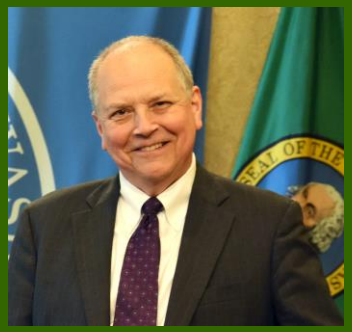


DIVISION OF CONSUMER SERVICES – OVERVIEW

DIVISION OF CONSUMER SERVICES

Total Licensee Count as of 12/31/2022

• Consumer Loan Companies	952
Includes Mortgage Loan Servicers	
And Student Education Loan Servicers	
• Mortgage Brokers	365
• Mortgage Loan Originators	33,800
• Check Cashers & Sellers	86
Includes 12 Small Loan Endorsements (Payday Lenders)	
• Escrow Agents	45
• Escrow Officers	76
• Money Transmitters	264
TOTAL LICENSEES:	35,588



DREW BOUTON, DIRECTOR OF POLICY AND LEGISATIVE RELATIONS

2023 LEGISLATIVE AGENDA

WHISTLEBLOWER AWARDS AND PROTECTION ACT

- Awards for whistleblowers providing new information about possible violations of securities law.
- Protection from retaliation.
- Confidentiality.