



## Department of Commerce

John R. Kasich, Governor  
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**Testimony**  
**Before the House Financial Institutions, Housing**  
**And Urban Development Committee**  
**Presented by Kevin Allard**  
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**Ohio Department of Commerce**  
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Good morning Chairman Dever, Vice Chair Sprague, Ranking Member Smith, and members of the House Financial Institutions, Housing, and Urban Development Committee, my name is Kevin Allard, I am the Acting Superintendent of the Division of Financial Institutions, of the Ohio Department of Commerce. Thank you for allowing me the opportunity to present an overview of the Division.

The Division of Financial Institutions (DFI) regulates Ohio's state-chartered depository institutions, which include banks, savings institutions, credit unions, and trust companies. The Division also regulates non-depository financial service providers, which include small loan lenders, money transmitters, mortgage lenders, pawnbrokers, credit service organizations, and check cashers. These businesses are generally referred to as consumer finance licensees or registrants. In total, we have 15 different license types and over 20,000 licensees under DFI supervision.

Our philosophy of providing fair and consistent regulation extends to Ohio-chartered financial institutions as well. The Credit Union Section, Banks and Savings Institutions Section, and the Consumer Finance Section are each led by experienced and knowledgeable deputy superintendents who have many years of experience in their areas of specialization. Our exam teams include experienced, well-trained professionals. In regulating these institutions, we are diligent in our examination and supervision to ensure they are operating in a safe and sound manner. We work closely with each institution, as well as industry representatives on the Ohio Banking Commission, the Ohio Savings and Loan Associations and Savings Banks Board, and the Ohio Credit Union Council, as well as with industry trade associations, such as the Ohio Bankers League, the Community Bankers Association of Ohio, and the Ohio Credit Union League, just to name a few.

The collective health of our depository institutions is strong. Of the Division's 123 state-chartered banks and savings institutions, 97% have a satisfactory or higher rating with the Division. Of the Division's 133 state-chartered credit unions 74% have a satisfactory or higher rating. The size of our state chartered institutions continues to grow. State chartered banks and savings institutions had \$183.6 billion in assets at the end of 2016, compared to \$166.3 billion year end 2014. Credit unions have experienced similar growth, with \$19.3 billion in assets in 2016, and \$16.7 billion year end 2014.

We are proud of our accomplishments and the advantages we offer to state-chartered financial institutions. Recently, we have had two multi-billion dollar financial institutions convert their national charter to an Ohio charter, People's Bank in Marietta and First Financial Bank in Cincinnati. Additionally, Superior Credit Union, with over \$600 million in assets, recently converted to a state charter.

As I mentioned earlier, the Consumer Finance section regulates non-depository financial service providers, including small loan lenders, money transmitters, mortgage lenders, pawnbrokers, credit service organizations, and check cashers. The Division remits 50% of fees collected from licensed pawnbrokers to the local municipality in which they are licensed to assist local law enforcement agencies. We've also seen tremendous growth in our Consumer Finance licensees. Over the last five years, the number of licensees has nearly tripled, from around 8,000 to over 20,000.

In addition, the Division's Office of Consumer Affairs promotes financial literacy, educates Ohioans on how to protect themselves throughout the lending process, and assists consumers in resolving complaints against our licensees. We are committed to providing extraordinary customer service in all interactions with our consumers, licensees, and stakeholders.

Finally, I would like to explain how the Division is funded. The Division, and the Department for that matter, is self-supporting and not funded from the General Revenue Fund. Annual assessments are paid by regulated credit unions and money transmitters to fund the operations of these sections, and the Consumer Finance section is funded by licensing fees. Banks and savings institutions have historically paid an assessment, and we anticipate that funding mechanism returning in the near future. Not one penny of taxpayer money is used to fund the Division. The Division's three advisory boards, the Ohio Banking Commission, the Ohio Savings and Loan Associations and Savings Banks Board, and the Ohio Credit Union Council review the annual assessments and financial needs for their respective industries and make recommendations on any necessary adjustment to the assessments.

Thank you for the opportunity to present this overview of the Division of Financial Institutions. I would be happy to answer any questions you may have.