

Oklahoma Senate Committee on Appropriations

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2019-20 Performance Report

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Oklahoma State Banking Department

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**AGENCY MISSION STATEMENT:**

*Here a simple statement of the adopted mission of the agency should be provided, along with the entity or person(s) who adopted the mission statement and when it was adopted.*

The mission of the State Banking Department is to allocate human and other resources to implement an effective regulatory program for financial institutions. The Department has been, and will continue to be, an advocate for financial institutions in the implementation of this program. However, our primary focus is to ensure the continuance of safe and sound financial practices in the State's financial institutions. It would follow that the financial services offered by these sound institutions would foster economic growth and meet the public demand for these services in their communities.

The Banking Department's mission statement was adopted in 1993.

**LEAD ADMINISTRATOR:**

*Here the name, title and contact information for the lead administrative person should be listed.*

Commissioner Mick Thompson  
Oklahoma State Banking Department  
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Oklahoma City, OK 73105  
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**GOVERNANCE:**

*A brief description of the agency's governance structure should be provided. Is the agency headed by a Governor appointee? An appointee of an independent board? Who selects the board, and who are the current members of the board.*

The Banking Department operates under the control of the Bank Commissioner who is appointed by the Governor to a four-year term. The Oklahoma Banking Code (Title 6 Okla. Stat. § 101 *et seq.*) and the Oklahoma State Credit Union Act (Title 6 Okla. Stat. § 2001 *et seq.*) provide for the appointment of a State Banking Board and a State Credit Union Board, respectively.

The Banking Board consists of seven members, including the Commissioner, who are appointed by the Governor with the consent of the Senate. The Commissioner serves as the chairman and only votes in case of a tie. Other than the Commissioner, five members of the Board are active officers of state banks or trust companies. One member must be a citizen of Oklahoma who is not and has not been an officer or stockholder in any state-chartered banking institution. The term of each Banking Board member, other than the Commissioner, is six years.

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The Credit Union Board consists of five members appointed by the Governor. The Commissioner is a voting member presiding as Chairman of the State Credit Union Board. One of the other four members is a member of a credit union organized under the laws of this state, and each of the other three members is an officer in charge of operations or a director of an Oklahoma credit union; however, one of those three may be from a federal credit union. The term of each appointed Credit Union Board member is four years.

*Does the Board have any committees or subgroups?* No  
*If so, please provide a detailed listing of the subgroups and their areas of focus.*

#### **GOVERNANCE ACCOUNTABILITY:**

*Is there an attendance policy for board members/commissioners?* No  
*If so, is it being followed?*

#### **MODERNIZATION EFFORTS:**

*Please provide a listing of all government modernization efforts undertaken by the agency since July 1, 2012. Additionally, please provide any authorizing statutory changes that prompted the modernization efforts and whether those efforts have led to cost savings or additional cost burden.*

#### **Reduction of Assessment Rates**

Each year since 2012, the Oklahoma State Banking Department has **reduced the assessment rates** on banks and credit unions based on the financial needs of the agency. These reductions have totaled **over \$14 million** – which is money the industry retained for operations and community investment. The Banking Department has been able to reduce assessments based on efficient operations – as discussed in the initiatives below.

#### **Offsite Surveillance System**

The Banking Department has created and utilizes an off-site program by which all banks' performance are monitored off-site on a quarterly basis. The Department utilizes the "Outliers Report" produced by the Conference of State Bank Supervisors as a reference that is reviewed by examiners for each bank for which they serve as the Central Point of Contact. Each examiner prepares a quarterly summary regarding any conditions discovered through the Outliers Report and confirmed by contact with the bank and other sources. Such conditions may be explained or mitigated through appropriate management tools being exercised at the bank. Examinations of banks may then be customized based on the needs or risks associated with each institution.

#### **Solar-Power Covered Parking**

The Banking Department utilizes covered parking containing solar-power panels in an effort to lower utility costs to the Department. This project was funded at no cost to taxpayers.

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#### **Nationwide Mortgage Licensing System**

The State Banking Department joined the Nationwide Mortgage Licensing System (NMLS) in 2012. NMLS is the one-step licensing system of record for non-depository, financial services licensing or registration for participating state agencies. In these jurisdictions, NMLS is the official system for companies and individuals seeking to apply for, amend, renew and surrender licenses managed through NMLS for 58 state or territorial governmental agencies. As stated on its website, the goal of NMLS is “to employ the benefits of local, state-based financial services regulation on a nationwide platform that provides for improved coordination and information sharing among regulators, increased efficiencies for industry, and enhanced consumer protection.” Our use of this system allows companies and consumers to access information on Mortgage Loan Originators as well as money transmitters.

#### **Assessment Calculators**

The Banking Department makes available on its website auto-calculating assessment calculators. This was done primarily to assist our regulated institutions with calculation of their annual assessment payment. However, any person can use the calculators to calculate what institutions pay in assessments based on reported assets. Even though we publish each year in our Annual Report a detailed accounting of the fees deposited into the Banking Department’s revolving funds, the calculators provide an open-and-transparent method for the public to verify our accounting.

#### **OK.gov Website and GovDelivery eMail Management System**

The Banking Department website provides open access to all of our forms, applications, Banking Board minutes and agendas, Credit Union Board minutes and agendas, Annual Reports to the Governor, and Department newsletters.

To complement our OK.gov website, we contracted with GovDelivery to provide accurate and targeted Department information via electronic mail. The GovDelivery system allows interested individuals to sign up to receive State Banking Board and State Credit Union Board meeting notices and agendas, Banking Department Annual Reports, legislative updates, news releases, and newsletters. This access is provided for free and allows the public and the industry to receive timely information without having to make a specific request under the Open Meetings Act or Open Records Act.

#### **Consumer Complaint Process**

Our website provides a guided step-by-step process to assist consumers with filing a complaint. Through this process, a consumer can accurately identify who regulates their institution and either be directed to the appropriate website (if the regulator is not the State Banking Department) or can download, complete, and submit a consumer report detailing the complaint. This process is provided free of charge and on demand. The public may also submit questions by email directly to Department personnel to verify Oklahoma law and how the complaint procedure may assist them.

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**OMES Services**

The Banking Department currently contracts with the Office of Management and Enterprise Services for server support, network/internet connectivity, CORE System, firewall services, VOIP phones and phone service, Electronic Mail service, and PC support. Our use of these systems is made transparent via OpenBooks and Data.ok.gov.

*What steps has the agency taken to cut costs and/or eliminate waste? Are there efforts that have been successful which you believe could serve as a model for other state agencies seeking to keep costs minimal?*

Because of its efficient operations, every year since 2012 the Banking Department has **reduced the assessment rates** on banks and credit unions based on the financial needs of the agency. These reductions have totaled over \$14 million – which is money the industry retained for operations and community investment.

In addition to other items listed above, the Banking Department has utilized the salary adjustment actions authorized by Title 74 O.S. § 840-2.17(B) to reduce employee turnover and create incentives for employees to develop additional skills. These actions have been successful in reducing turnover, eliminating unnecessary training costs, and maintaining a highly trained workforce.

**CORE MISSION:**

*What services are you required to provide which are outside of your core mission? No*

*Are any services you provide duplicated or replicated by another agency? No*

*Are there services which are core to your mission which you are unable to perform because of requirements to perform non-core services elsewhere? No*

**PRIVATE ALTERNATIVES:**

*Are any of the services which are performed by the agency also performed in the private sector in Oklahoma? No*

*In other states? No*

*Has the agency been approached by any foundation, for-profit or not-for-profit corporation with efforts to privatize some of the functions of the agency? No*