



STATE BOARD OF FINANCIAL INSTITUTIONS

Curtis M. Loftis, Jr., Chairman
Richards H. Green, Commissioner of Banking
Ronald R. Bodvake, Commissioner of Consumer Finance

Key Officials

Key Officials

Banking Division

Commissioner of Banking – Richards H. Green – Rick.Green@banking.sc.gov
Deputy Commissioner of Banking – Kathy L. Bickham – Kathy.Bickham@banking.sc.gov

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Columbia, SC 29201
(803) 734-2001

Consumer Finance Division

Commissioner of Consumer Finance – Ronald R. Bodvake – Ronald.bodvake@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Phyllis L. Wicker – Phyllis.wicker@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Quinton Creed – Quinton.creed@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Amy Gelhaus – Amy.gelhaus@bofi.sc.gov

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State Treasurer's Office

Board Administrator – Alicia Sharpe – Alicia.Sharpe@sto.sc.gov

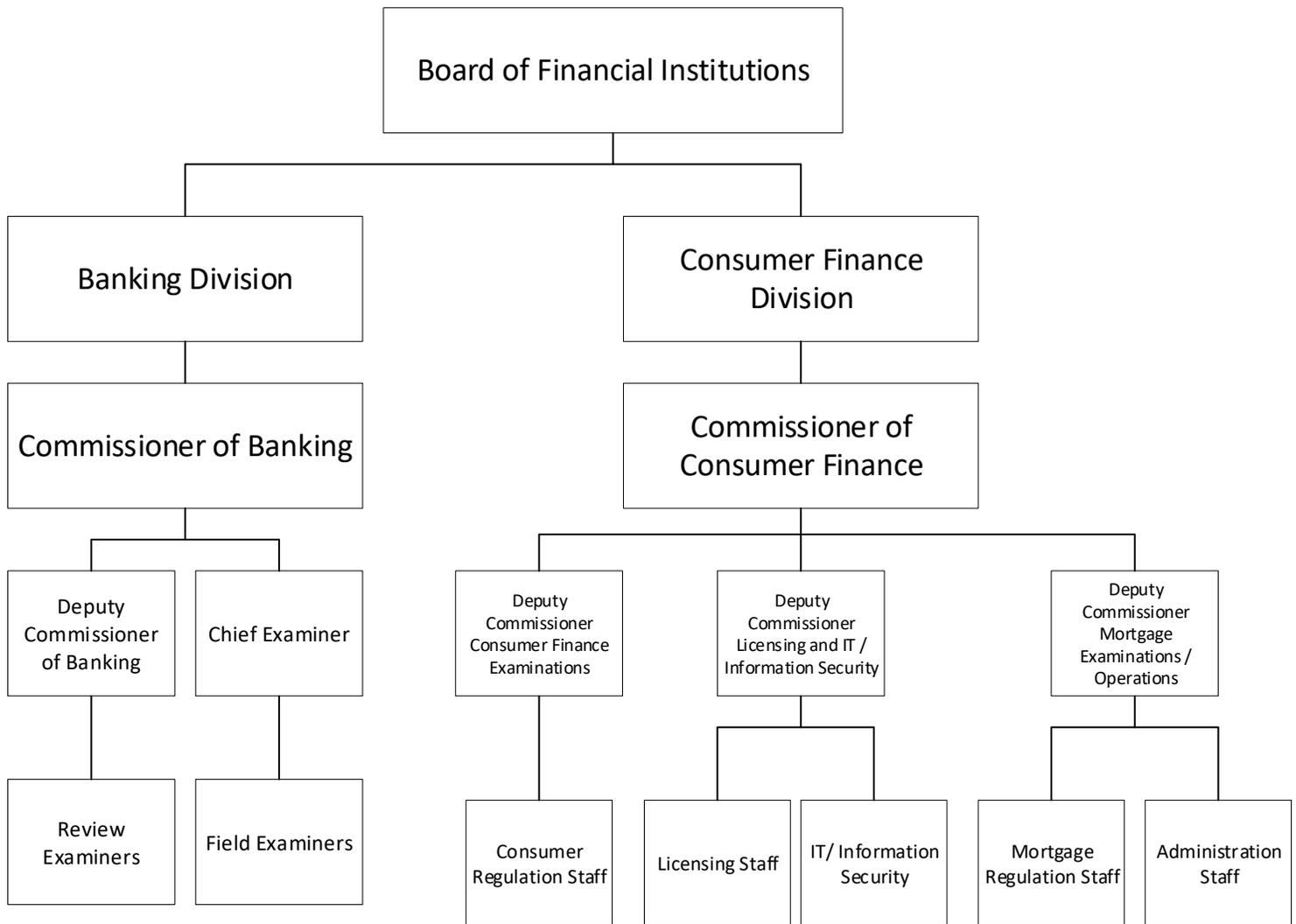
South Carolina Office of the State Treasurer
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Agency Overview

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The State Board of Financial Institutions (Board) is composed of eleven members, one of whom is the State Treasurer as an ex officio member and as the chairman. The remaining ten members must be appointed by the Governor with the advice and consent of the Senate. The mission of the Board is to protect the citizens of South Carolina by preserving a sound financial industry through effective and efficient regulatory oversight of financial institutions in order to strengthen consumer confidence, assure reliable access to financial services, and encourage economic growth. The Board's supervision is handled through its two divisions – the Banking Division and the Consumer Finance Division. The Board appoints a Commissioner of Banking who examines and supervises State chartered banks, trust companies, savings and loan associations, savings banks, credit unions, and development corporations. The Board is also authorized to designate or appoint a Commissioner of Consumer Finance who examines and supervises non-depository mortgage lenders/servicers and their branches, loan originators, consumer finance companies, deferred presentment service companies, and check cashing service companies. The Board's oversight includes the promulgation of regulations and instructions relating to the supervision of financial institutions; the consideration of applications for new banks, trust companies, savings and loan associations, savings banks, credit unions, non-depository mortgage lenders/servicers and their branches, loan originators, consumer lenders, deferred presentment providers, and check cashing service providers; and the consideration of applications for branches of banks, savings and loan associations, savings banks, credit unions, and trust companies.

Organizational Chart



<u>Agency FTEs</u>	
Filled	46
Vacant	<u>10</u>
Authorized	56

Performance Update 2019-2020

Executive Summary

Banking Division

In addition to meeting the statutory requirements of the agency, the Banking Division has identified several significant accomplishments in FY 2020 which helped the agency fulfill its mission more effectively and efficiently.

During FY 2020, all examinations of financial institutions were completed in the timeframes required by law. In response to the COVID-19 Pandemic, the Banking Division purchased software that enhanced the examiners' ability to conduct examinations off-site in a timely manner while working remotely. Senior staff collaborated with other State and Federal regulators to determine best practices for off-site examinations. During the pandemic, the Banking Division remained open for business by rotating a small number of critical staff in order to limit contact among staff members.

A review of the financial performance of institutions was performed quarterly on all banks to monitor changes in individual institutions and to identify trends in the financial performance of South Carolina State chartered banks as a whole. During FY 2020, the division formed a Risk Identification Committee to identify current risk levels, trends, and emerging risks; identify data needs and sources; develop supervisory strategies for ensuring safe and sound State chartered institutions and develop communications to staff and industry.

In addition to on-the-job training in the field and computer-based training in the office, examiners attended seven Federal Deposit Insurance Corporation (FDIC) sponsored schools, five Federal Financial Institutions Examination Council sponsored schools, and one Conference of State Bank Supervisors (CSBS) sponsored school. Examiners also attended training conferences sponsored by the FDIC and CSBS that covered a variety of topics. The agency continued to develop its training program to help new employees gain the knowledge necessary to effectively and efficiently perform their job duties.

The division actively participates in CSBS and the National Association of State Credit Union Supervisors (NASCUS), which have missions of enhancing financial institution supervision. In addition to attending conferences sponsored by these organizations, employees of the division participate in CSBS committees. The Commissioner of Banking is the Vice-Chair of the CSBS State Supervisory Processes Committee and serves on the CSBS COVID-19 Recovery Steering Group.

During FY 2020, the division continued its participation with five other state credit union regulators and the National Credit Union Administration (NCUA) in the Alternating Examination Pilot Program to test options for alternating examinations of well-run, state-chartered credit unions. The program is running for approximately three years to explore ways to improve supervisory efficiencies and reduce regulatory burden. The division also continued to cross train its bank examiners in the examination of credit unions, with the goal that ultimately all examiners will be able to examine both banks and credit unions.

The Banking Division continues to enhance the information technology/information security program. During FY 2020, all employees completed information security training to enhance awareness of potential threats. All examiners have access to FDICconnect, which allows them to securely and efficiently exchange examination documents with both bankers and FDIC examiners, and all examiner laptops use two-factor authentication for accessing email and network files. In addition, key card access was added to all Banking Division suite doors during FY 2020 to enhance security by restricting access and to create a log of personnel who access the suites.

Consumer Finance Division

The COVID-19 pandemic presented challenges to conducting business in a traditional onsite office environment. The challenges provided the Division with an opportunity to implement its Business Continuity Plan (BCP). The BCP provided tools and processes to modify workflow required to operate with minimal disruption. The Division successfully continued operations, conducted scheduled examinations, investigated consumer complaints, and processed license applications. Highlights from the fiscal year are as follows:

- 1442 examinations
- \$1,420,723 refunds from examinations
- 168 complaints investigated
- \$12,985 refunds from complaints

The Board has taken steps to modernize the consumer and mortgage licensing process in South Carolina by voting to add consumer finance licensing to the Nationwide Multistate Licensing System (NMLS) used by mortgage licensing. The transition of consumer licensing to NMLS system streamlines the process. The implementation of NMLS for all license types has enabled the Division to continue the licensing of new and transitional applications through the COVID-19 pandemic.

The Division implemented a long-term Information Technology (IT) plan. The goals included a dedicated IT manager tasked with managing all IT processes, assets and plans. An updated information security policy and procedures encompassing both divisions. Performing a full risk assessment of all business processes and assets to bolster the information security posture. Lastly, streamlining business processes, modernization of data classification and an information technology asset inventory database. Enterprise and workflow technologies such as OnBase, Sharebase, and Segra Unify are used to facilitate the examination and licensing processes. These software-based tools and equipment encrypted with two-factor authentication are a part of the Division's BCP providing compliance and licensing team members remote access required to maintain daily operations during COVID-19.

The Commissioner and representatives from the Division attended annual conventions and meetings with the Independent Financial Services Association, SC Financial Services Association, American Conference of Uniform Consumer Credit Code States, and the Mortgage Bankers Association. Information gained through these resources is shared via the Division's website and digital newsletter.

The Division is dedicated to fostering a well-informed and highly skilled workforce environment. The mortgage compliance and licensing team members completed certification programs offered by Conference of State Bank Supervisors (CSBS). Team members maintained Certified Application Specialist, Certified Senior Mortgage Examiner, and Certified Mortgage Examiner credentials by completing required continuing education courses. In addition, consumer compliance team members participated and completed annual training schools offered by the National Association of Consumer Credit Administrators (NACCA).

We are proud to have five employees who have completed the Certified Public Manager (CPM) program. Two additional employees have been accepted into the CPM program and are expected to graduate in 2021. The program is offered by the South Carolina Department of Administration and is a nationally accredited professional development program for supervisors and managers in state government. The Division currently has one manager and four members of the executive management team who have the distinction of being Certified Public Managers.

Financial Update

Financial Update

Fiscal Year	Appropriation	Expenditures	Carry-Forward
2020 – 2021	\$5,633,361	\$2,436,910 YTD	
2019 – 2020	\$5,633,361	\$5,082,943	\$2,771,925

The agency does not receive any General Funds. It operates on 100% other funds, and all funds are collected from the regulated financial institutions. Revenue is collected annually, and the account balances noted for June 30 are what is needed to operate until the next cycle of revenue is collected. Funds are collected primarily in September for the Bank Examining Division and in December through February for the Consumer Finance Division. Excess funds are used as a credit toward the following year's collections. Projected total expenditures for FY 21 are \$5,023,338, and the projected carry-forward balance into FY 22 is \$2,760,475.

Budget Request Summary

FY 2021-2022 Budget Request Summary

State Board of Financial Institutions

Budget Requests				Funding					FTEs			
Priority No.	Request Type (non-recurring/recurring/other)	Request Title	Brief Description	General - Recurring	General - Nonrecurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Personal Services	Fully fund annualized cost of currently authorized positions.			33,238		33,238				
2	Recurring	Employer Contributions	Fully fund health insurance costs and retirement contributions.			140,582		140,582				
3	Recurring	Administration	Cover the additional cost associated with the SC Insurance Reserve Fund and insurance companies			9,623		9,623				
TOTAL BUDGET REQUESTS						\$183,443		\$183,443				

Proviso Request Summary

**Transportation and Regulatory Subcommittee
Proviso Request Summary**

FY 20-21 Proviso #	Renumbered FY 21-22 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/# of years in budget	Recommended Action	Proviso Language
79.1	79.1	Supervisory Fees	This proviso allows the Board of Financial Institutions to collect funds to cover the expenditures of the agency.	Prior to 1990	No Change	Section 79 - R230-Board of Financial Institutions 79.1 (FI: Supervisory Fees) The Board of Financial Institutions shall fix supervisory fees of banks, savings and loan associations and credit unions on a scale which, together with fees collected by the Consumer Finance Division will fully cover the funds expended under this section.