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CSBS CONTINUES TO MAKE PROGRESS ON VISION 2020 INITIATIVES

At the beginning of October, the Conference of State Bank Supervisors ("CSBS") announced (i) the addition of a customer complaint management function to the State Examination System ("SES") technology platform and (ii) that Ohio obtained the first money service business ("MSB") accreditation. Both developments are part of CSBS's Vision 2020, which launched in 2017 to streamline state regulation of nonbank financial services providers and enable state financial regulators to use their resources more efficiently.

The SES Customer Complaint System

The SES is a state-owned and state-developed platform that state financial regulators may use to perform examinations, investigations, and complaint resolution and enforcement actions. The new customer complaint system allows state financial regulators to input, manage and address customer complaints regarding supervised entities. The complaint system allows any state financial regulator to access a summary of a complaint against a supervised entity, but no complaint data will be publicly available.

In the future, the CSBS plans to launch a consumer-facing portal with the complaint system. After an individual submits a complaint through the portal, the system will route the complaint to the appropriate state agency. Until the portal is launched, individuals will continue to use existing complaint processes outside of the SES to submit complaints to regulators.

States must grant supervised entities access to the customer complaint system. Each state's use of the customer complaint system and the SES is voluntary. Currently, 10 states use the customer complaint system and 25 states use the SES. FAQs regarding the SES and customer complaint system are available on the CSBS website. Many FAQs focus on the platform's data security.

State regulators using the SES customer complaint system will be able to observe complaint trends on a nationwide level. The information sharing facilitated by the system may help regulators coordinate supervision and enforcement. The customer complaint system is not connected to the Consumer Financial Protection Bureau's complaint portal although, when necessary, state regulators

can share complaint data with the CFPB.

First State Achieves MSB Accreditation

The Ohio Division of Financial Institutions has become the first state financial regulator to achieve MSB accreditation, which certifies that a state has the resources and processes necessary to ensure that its supervised MSBs operate in a safe and sound manner, follow BSA/AML requirements and comply with state and federal consumer protections laws. To become accredited, states must show, among other things, the ability to participate in multistate supervision of MSBs and adequate qualified staff with the necessary expertise to regulate MSBs.

The purpose of MSB accreditation is to set benchmark standards to modernize and coordinate MSB supervision among the states. The CSBS has partnered with the Money Transmitter Regulators Association ("MTRA") to offer the accreditation.

Closing Thoughts

The developments discussed above are the CSBS's latest milestones in Vision 2020. Under Vision 2020, states have taken strides towards networked and streamlined state regulation of financial services providers, especially with respect to multi-state regulation of MSBs, in part to counter activities at the federal level. Vision 2020 has made less progress on streamlining multi-state regulation of non-mortgage lending. The SES and customer complaint system, and the information sharing that the systems may facilitate among regulators, will change the supervision dynamic between regulators and supervised entities. At present, only half of the states have signed up to use the SES and only around 20% of states have signed up to use the complaint system. Undoubtedly, the CSBS will continue to push states to utilize these platforms. □

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