

DEPARTMENT OF FINANCIAL INSTITUTIONS

WHO WE ARE

31

Full-time Team Members

**Total Agency Budget:
\$9.4 million special funds**

WHAT WE'RE ABOUT

Mission:

To maintain public confidence in North Dakota financial institutions by ensuring the financial industry operates in a safe and sound manner while complying with applicable rules and laws.

Vision:

A safe, secure, and competitive financial services environment which promotes the economic well-being of North Dakota businesses and consumers.

DFI directly serves our banks, credit unions and non-depository financial institutions. Indirectly, every citizen of North Dakota is impacted as they can be confident in the financial services to which they have access. DFI's purpose is to ensure the safety and soundness of the institutions we regulate, which then results in financial services being available to the North Dakota citizen.

WHO WE SERVE

Every citizen using financial services

DEPOSITORS

– who seek deposit accounts from a trusted local institution.



BORROWERS

– who seek loans from a trusted local institution.



MAIN STREET

– communities and businesses that need financial institutions to facilitate their operations and provide services to residents.



WHAT WE DO

- **Chartering**
 - Banks (61), Credit Unions (20), and Trust Companies (4), with 311 in-state and 87 out-of-state locations.
- **Licensing**
 - Collection Agencies (603), Debt Settlement Service Providers (4), Payday Lenders (32), Money Brokers (530), Money Transmitters (156), Mortgage Loan Originators (7,588)
- **Examinations & Oversight**
 - Routine examinations are conducted to ensure institutions operate in a safe and sound manner
- **Investigations**
 - Conduct fraud and consumer complaint investigations as necessary
- **Enforcement Actions**
 - Use corrective tools (orders, removal actions, criminal referrals) as necessary to strengthen institutions and protect local businesses and consumers
- **Advocacy**
 - Represent the interests of our supervised institutions, local businesses, and North Dakota consumers on the national stage

Suspended 5
individuals in
2021 from
working in ND
institutions

DEPARTMENT OF FINANCIAL INSTITUTIONS

WHAT WE'RE PROUD OF

Continuing Operations

Maintaining operations and providing all services despite pandemic-related challenges. Issuing guidance frequently to industry and citizens.

Modernizing Supervision

Updating rules and regulations to remain relevant and proactive on emerging risks while reducing outdated or unnecessary regulatory hurdles.

National Involvement

Engaging with federal agencies and other state counterparts. Participating in Networked Supervision with coordination and information sharing with other states, limiting redundancy.

Oversee
85
Charters

Banks/CU:
\$43B
in Assets

Trusts:
\$108B
in Fiduciary
Assets

License
8,913
Entities

2019-2021 BY THE NUMBERS



Banks and Credit Unions

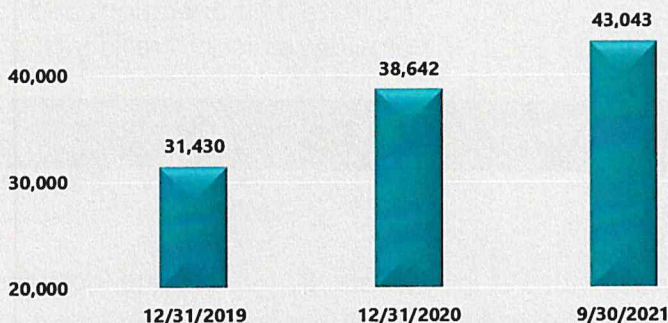
37% asset growth combined in the last two years
39% asset growth in banks
20% asset growth in credit unions



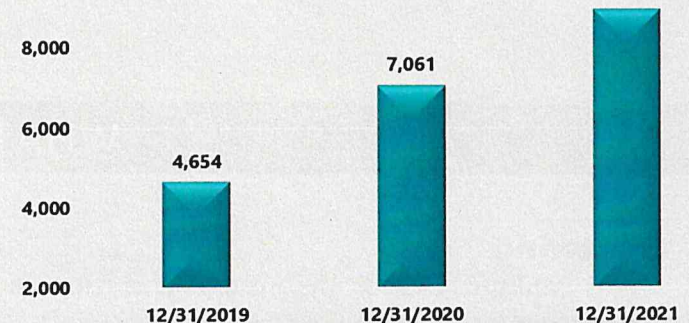
Non-Depository

92% increase in licenses in the last two years
4,200 new mortgage lenders, 140 new companies

50,000 **Bank & Credit Union Assets in \$ Million**



10,000 **Number of Licenses**



HOW WE MEASURE SUCCESS

Relevance

Providing effective and respected oversight, which has led the ND state charter to be the predominant choice for institutions operating in ND:

- 67 of 77 banks are state-chartered vs. national chartered (61 with a ND state charter).
- 20 of 34 credit unions are state-chartered.

Risk Management

- Employing proactive risk identification, through examinations, data analytics, and offsite monitoring, to timely identify problems.
- No bank failures since 1991.

High Standards

- Maintaining national accreditation demonstrates DFI meets or exceeds comprehensive organizational & performance standards.
- Completing examinations in a timely manner.
- Producing quality products that are recognized and accepted by Federal counterparts.
- Accessible to the public and industry with quick response turnaround time.



FINANCIAL INSTITUTIONS WORKFORCE

Our workforce is unique in that there is no college course that teaches you how to become a bank examiner. That is why most staff start at the Examiner I level. It takes approximately 5 years to become a fully-trained Examiner III.

WHAT HAPPENS IF WE CAN'T DO OUR JOB...

Financial Corruption

Money in financial institutions seems less secure as it becomes easier for employees to defraud, thus decreasing the public's confidence.



Undereducated Public

The agency is currently too understaffed for important public outreach on financial literacy, fraud awareness, scam education, and industry outreach.

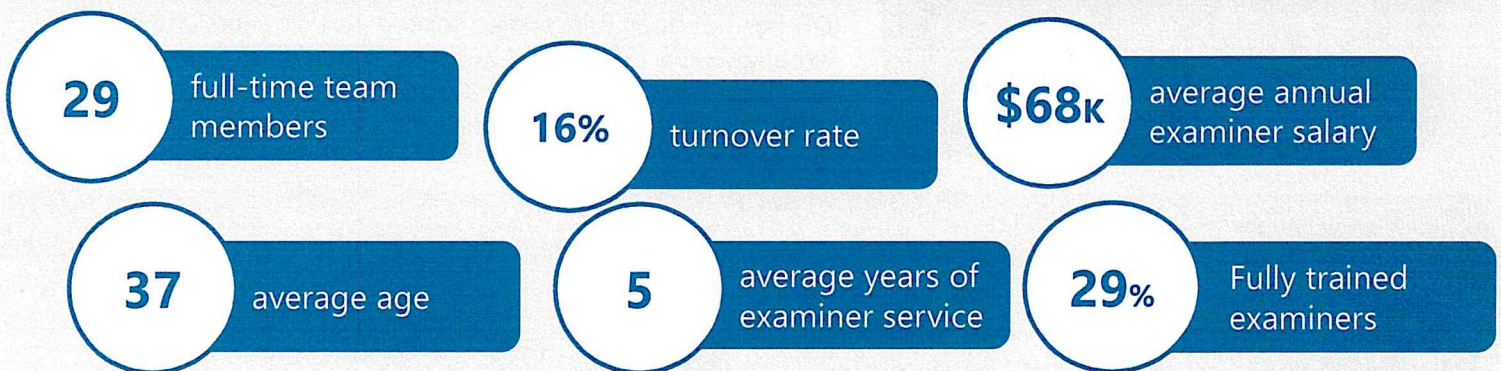


Team Member Burnout

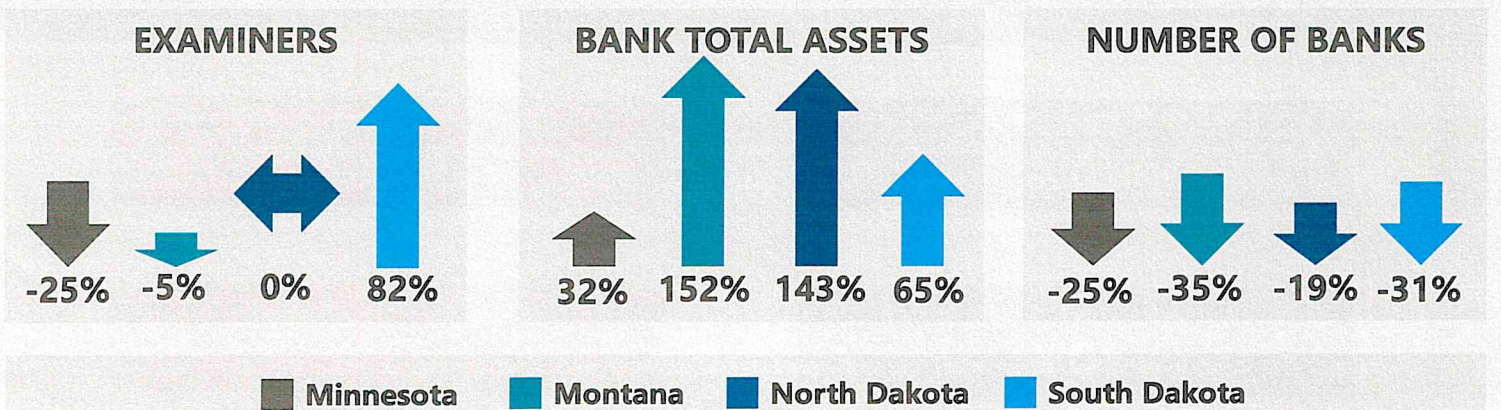
Understaffing, below market compensation, and limited experience levels result in burnout causing even greater turnover and associated costs for the industry



CURRENT AGENCY TEAM MEMBER STATS



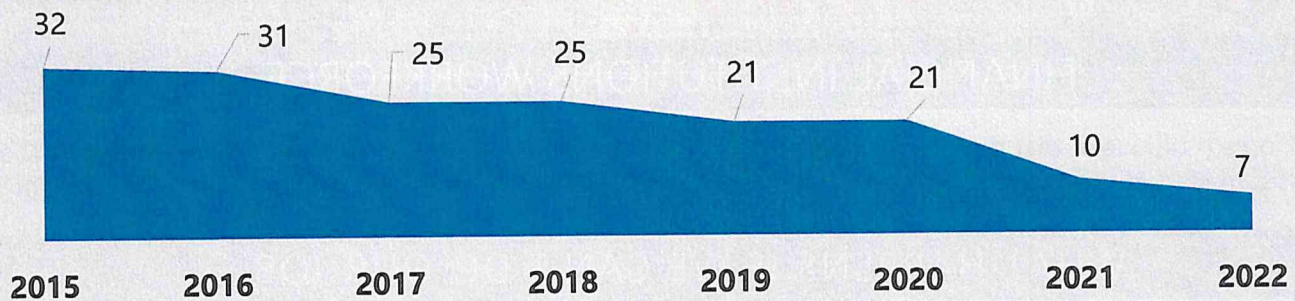
HOW WE COMPARE – LAST 10 YEARS



The number of examiners in North Dakota has remained steady over the past 10 years. While the number of banks supervised has gone down 19%, the total bank assets has gone up 143%. This trend is consistent with our neighboring state, Montana. This puts additional stress and workload on the current examiners.

FINANCIAL INSTITUTIONS WORKFORCE

POSITION APPLICANTS – LAST 8 YEARS



Recruitment efforts have increased substantially since 2019, however, the number of applicants continues to decline significantly, and positions have been unfilled.

COST OF TURNOVER

\$102K

per team member

Figured with 150% of annual salary.

DFI's cost of turnover is significant as it takes approximately five years to fully train staff. Training costs are lost every time staff quits.

DFI has not been fully staffed for the past six years and has experienced a 15% annual turnover rate. 60% of those who leave cite salary. It becomes difficult for staff to find adequate time for training and to do their primary job.

WORKFORCE COMPETITION



Banking Industry

Banks, credit unions and other private sector businesses

Pay up to 30% more for like skills



Federal Government

FDIC, OCC, Federal Reserve, and NCUA

Pay 20-50% more for comparable work

HOW WE COMPARE – LAST 10 YEARS

STAFFING

Industry overseen has grown

70%

We have only grown

7%

SALARY

Industry overseen has increased

70%

We have only increased

23%

INDUSTRY OUTLOOK: The industry is strong and is experiencing a surge in staffing demand. As competition with the industry for staff ensues, we encounter challenges. North Dakota chartered institutions continue to acquire market share over their federally chartered counterparts, increasing the assets under state supervision. More banks are expanding operations into other states, again increasing market share and the workload of the Department.