

**DEPARTMENT OF BANKING
OVERVIEW**

The Fiscal Year 1995 Budget recommends continuation funding for the Department of Banking. The Department is responsible for chartering, licensing and supervising financial institutions. These financial institutions provide loan and investment services and hold assets in the form of trust or deposit accounts. Of these financial institutions, commercial banks, savings banks and savings and loan associations hold the major portion of assets. The Department works in cooperation with the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Banks of New York and Philadelphia (FRB), the Office of Thrift Supervision (OTS) and the Resolution Trust Corporation (RTC) in order to ensure continued economic and sound banking systems.

Financial services such as consumer lending fall within the Department's supervisory authority. Financial services include mortgage bankers; mortgage brokers; check cashing and check selling companies; non-profit credit unions; and various forms of consumer lending firms. Nondenominational cemeteries are also regulated by the Department since by law a portion of burial plot sales income must be held in interest bearing investments designed to insure permanent maintenance of the property.

Each state-chartered bank is examined to determine whether the bank is conducting its business in conformity with the laws of the State and with safety to its depositors, other creditors and the public. State-chartered savings and loan associations are covered by similar requirements. The Department is also empowered to examine mortgage bankers, mortgage brokers, insurance premium finance companies, consumer loan companies, secondary mortgage companies, credit unions and pawnbrokers.

The Department reviews and processes applications by depository institutions for new charters, branches, relocations, plans for acquisition, mergers, bulk sales, stock conversions and auxiliary offices, and licensing of consumer lenders. Written complaints filed by consumers against State regulated institutions are investigated.

In response to the needs of the consumer public and the financial industry, the Department recommends new legislation and administrative regulations. In addition, the Department has available the community reinvestment ratings of State banks. The Community Reinvestment Act requires financial institutions to reinvest their assets in the communities they serve. These ratings provide municipalities, community groups, businesses and other banks with a convenient way to determine a bank's commitment to the community.

The Commissioner of Banking serves as the chairman of the board of directors of the Pinelands Development Credit Bank, a financing agency designed to facilitate the transfer of development rights towards the implementation of the Pinelands Comprehensive Management Plan. As Vice Chairman to the New Jersey Mortgage Housing Finance Agency, the Commissioner works to provide financing for various housing programs in the State.

SUMMARY OF APPROPRIATIONS BY PROGRAM
(thousands of dollars)

Year Ending June 30, 1993					Year Ending June 30, 1995			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		1994 Adjusted Approp.	Requested	Recom- mended
1,097	46	-99	1,044	964	Economic Regulation			
					Regulatory Affairs - Licensing, Applications and Consumer Affairs	1,007	975	975
3,969	1,132	-218	4,883	4,215	Supervision and Examination of Financial Institutions	4,967	4,984	4,984
—	2,661	—	2,661	36	Pinelands Development Credit Bank	—	—	—
917	—	-29	888	840	Management and Administrative Services	658	673	673
5,983	3,839	-346	9,476	6,055	Total Appropriation	6,632	6,632	6,632

**50. ECONOMIC PLANNING, DEVELOPMENT AND SECURITY
52. ECONOMIC REGULATION**

OBJECTIVES

1. To protect the public from financial loss resulting from the failure of financial and consumer credit institutions.
2. To assure the public of fair and equitable treatment by financial institutions.
3. To inform and educate the public concerning financial matters.
4. To protect the public through the licensure and regulation of cemetery companies and their sales persons.

PROGRAM CLASSIFICATIONS

01. **Regulatory Affairs – Licensing, Applications and Consumer Affairs.** Responsible for the chartering of commercial banks, savings banks, credit unions and savings and loan associations which operate in New Jersey. Responsible for investigating complaints against these institutions and/or licensees. Responsible for the licensing of all consumer credit lenders and vendors of credit as well as mortgage bankers and brokers. Processes applications of licensees and financial institutions with recommendations for their determination and performs the necessary statistical, economic and demographic research to determine the merits of these applications. Responsible for review and development of regulations. Supervises, regulates and licenses cemetery companies and their sales persons. (C8A:1-1 et seq.).
02. **Supervision and Examination of Financial Institutions.** Responsible for the supervision and examination of state chartered commercial banks, savings banks, credit unions and savings and loan associations which operate in New

Jersey. Responsible for the supervision and examination of consumer credit associations such as check cashers, check sellers, insurance premium finance companies, pawnbrokers, secondary mortgage loan companies and foreign money remitters. Ensures compliance with the mortgage loan discrimination statute. (C17:16F et seq.). Regulates, supervises and examines mortgage bankers and brokers operating (C17:11B-1 et seq.). Determines financial and legal compliance with all applicable statutes and regulations and takes appropriate legal and regulatory action to ensure compliance with existing statutes and regulations. Responsible for the examination of bank holding companies (C17:9A-1 et seq.) and savings and loan holding companies (C17:12B-281 et seq.).

05. **Pinelands Development Credit Bank.** Empowered to purchase and sell Pinelands development credits, in accordance with a program included in the Comprehensive Management Plan for the Pinelands. Provides a mechanism to facilitate both the preservation of the resources of this area and the accommodation of regional growth influences in an orderly fashion.
99. **Management and Administrative Services.** Directs the activities of the Department and provides administrative and support services to all of the Department's program classifications and project activities. The Office of the Commissioner disseminates legislative and policy guidance to programs and project activities within the Department and coordinates all regulatory and legislative initiatives with the Legislature, Executive Branch and the financial community.

EVALUATION DATA

	Actual FY 1992	Actual FY 1993	Revised FY 1994	Budget Estimate FY 1995
PROGRAM DATA				
Regulatory Affairs – Licensing, Applications and Consumer Affairs				
Consumer Credit Associations				
Licenses Issued	5,223	5,650	5,500	5,700
Consumer Complaints				
Received	3,067	2,900	2,500	2,500
Completed	2,878	2,400	2,400	2,300
Inquiries and Referrals	26,204	873	1,000	1,000
New Jersey Cemetery Board				
Cemetery Companies Certified	369	372	387	390
Supervision and Examination of Financial Institutions				
State Chartered Institutions				
Banks	93	100	106	112
Examinations Conducted	51	59	60	67
Bank Holding Companies	51	40	40	40
Savings and Loan Associations	71	55	50	45
Examinations Conducted	27	17	20	25
Consumer Credit Associations				
Associations Subject to Examination	1,060	1,042	1,029	979
Examinations Conducted	382	411	410	460

BANKING

Year Ending June 30, 1993					Year Ending June 30, 1995				
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended	Prog. Class.	1994 Adjusted Approp.	Requested	Recommended	
					Affirmative Action and Equal Employment Opportunity	99	10	10	10
	3,839	-980	2,859	36	Total Special Purpose		10	10	10
70		486	556	53	Additions, Improvements and Equipment		93	47	47

Note: (a) The fiscal year 1994 appropriation has been adjusted for the allocation of the salary program and has been reduced to reflect transfer of funds to the Employee Benefits accounts.

LANGUAGE PROVISIONS

It is recommended that the unexpended balance as of June 30, 1994 in the Pinelands Development Credit Bank account be appropriated for the same purpose.

It is further recommended that receipts in excess of anticipated revenues from examination and licensing fees, bank assessments, fines and penalties be appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

5,983	3,839	-346	9,476	6,055	Total Appropriation, Department of Banking	6,632	6,632	6,632
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