



State of Illinois
Illinois Department of Financial and Professional Regulation

Division of *Banking*

8 DAY REPORT



Mission Statement

The mission of the Illinois Department of Financial and Professional Regulation, Division of Banking, is to educate the public and promote confidence in the banking industry through a balanced application of regulations in an efficient, professional, fair, and responsive manner.



Message from the Acting Director



Since being appointed Acting Director by Governor Pritzker on July 17, 2019, I have worked hard with the talented members of the Division of Banking team to identify the important goals that will help shape the Division's future. I have had the pleasure of meeting with consumer advocacy groups, academics, industry associations, and banks from Chicago to St. Libory to discuss the variety of issues that face banking, mortgage lending, and student loan servicing in our state. From these discussions, the Division of Banking has identified three major goals that I hope will guide this office during my tenure:

- Revitalize the Department of Banking through increased hiring, changes to organizational structure, and moving to a more risk-based examination schedule.
- Improve safe lending to low income areas and other vulnerable communities, while also cutting down on the state's under and unbanked rates.
- Work toward proper oversight and encouragement of lending into emerging industries within Illinois, such as cannabis and fintech.

First and foremost, the Division of Banking cannot continue to do its important mission without continued workforce investment and streamlining procedures to improve efficiency. As Acting Director, I have worked with senior staff to identify personnel needs for the division and draft new policies to ensure that staff is prepared for the changing landscape of bank examination. In months that follow, the Division will host its first examiner's conference since 2016 to discuss emerging issues and goals for the future. I am also committed to hiring more examiners, especially those with a proclivity for IT examinations, to meet the mandates of the office effectively for the years to come.

Additionally, I am committed as Acting Director to work within the regulatory boundaries of the office to encourage programs and policies that will help lead to a reduction in the under and unbanked populations in the state. Vulnerable communities become even more vulnerable when they are subjected to predatory financial institutions. As Acting Director, I will work on creative solutions to encourage lending and asset building in Illinois' vulnerable communities. Part of this policy push will also be to increase the Division's outreach, especially in terms of financial education events, which I have made a priority since coming into the office in July.

Finally, the office faces several emerging issues that must be prioritized early in order to best benefit Illinoisans. These issues include encouragement of safe banking within the cannabis and hemp industries, as well as proper oversight of new fintech innovations. As Acting Director, I am excited to take on these new challenges and look forward to playing our small part in diversifying Illinois' economy.

I look forward to working further with the Division of Banking team, as well as the other divisions within IDFPR, and our other state partners to improve on the groundwork we have laid in our first 100 days.

Sincerely,

A handwritten signature in black ink that reads "Chasse Rehwinkel". The signature is written in a cursive, slightly slanted style.

Chasse Rehwinkel,
Acting Director, Division of Banking

Division of Banking - An Inside Look

Division of Banking Mission Statement:

The mission of the Illinois Department of Financial and Professional Regulation, Division of Banking, is to educate the public and promote confidence in the banking industry through a balanced application of regulations in an efficient, professional, fair, and responsive manner.

What type of businesses are regulated by the Division of Banking?

The Division of Banking regulates state chartered commercial banks, savings banks, trust companies, foreign bank offices, residential lenders (mortgage companies and loan originators), and pawnbrokers.

How does the Division of Banking regulate the institutions it supervises?

Examiners from the Division regularly conduct on-site examinations of the institutions they regulate. Examiners review the institution to determine if it is operating in a safe and sound manner. The Division may also determine their compliance with applicable state and federal laws and regulations. In addition, the Division initiates investigations based on complaints it may receive. The Division also monitors the institutions by reviewing periodic reports submitted by its regulated entities.

How is the Division of Banking funded?

The institutions and individuals regulated by the Division pay fees to the Division to cover the cost of their regulation. No State General Revenue Funds are utilized to fund the operations of the Division.

Banking Regulation in Numbers



Providing Guidance to Banks in the Modern World

Cannabis and Banking

With the passage of the Cannabis Regulation and Taxation Act in the 2019 Spring Legislative session, Illinois added itself to the growing list of states that have legalized recreational adult-use cannabis. Agencies across the state have worked to make sure Illinois makes this transition smoothly and the Division of Banking is playing its part as well. In July, DOB issued a memorandum to all Illinois state-chartered banks and savings banks giving guidance on industrial hemp and how to provide banking services in that market. Additionally, Acting Director Chasse Rehwinkel and Assistant Director Kerri Doll attended the CBA Conference on Marijuana and Banking in August, and Assistant Director Doll has served on two regulatory panels discussing banking and cannabis for the IBA. DOB will continue to give guidance to state-chartered banks on this growing industry to ensure they are able to comply with relevant regulatory statutes.

Blockchain and Banking Applications

Many are familiar with the popular cryptocurrency, Bitcoin, but its underlying technology is what has the banking world excited. Blockchains, or distributed ledger technologies, are an exciting peer-to-peer network-based technology that have the potential to revolutionize the ways in which we transact with one another.

The Blockchain Business Development Act, passed earlier this year, tasks the Division of Banking with assembling a report on blockchain technology and its applications for the banking industry. DOB is bringing together a group of outside experts with fintech experience to work with staff on compiling the report. The Blockchain and Banking Report will be submitted to the General Assembly in 2020.



BLOCKCHAIN
TECHNOLOGY



Helping Illinoisans Navigate Student Loan Debt

Last year, the Illinois General Assembly passed the Student Loan Bill of Rights to protect young consumers from abuses by student loan servicing companies. It requires loan servicers to properly process payments and give borrowers guidance on all their repayment options, such as income-driven repayment. The Division of Banking has been tasked with overseeing the regulation of student loan servicers, and we are committed to ensuring these companies comply with the new consumer protections outlined in the Student Loan Bill of Rights.

Since the implementation of the Student Loan Bill of Rights, 33 companies have applied for Student Loan Servicing Licenses in the State of Illinois. Going forward, licensees will be subject to periodic examinations by the department. To meet this, the Division of Banking is in the process of hiring four examiners. They will be able to examine all books, records, documents, and operations of each licensee and its subsidiaries to ensure compliance.

Did You Know?

Since 2007, student loans are the fastest-growing segment of U.S. household debt, seeing almost 157 percent growth since the Great Recession. Currently, the average student in the Class of 2016 had \$37,172 in student loan debt at the time of graduation.



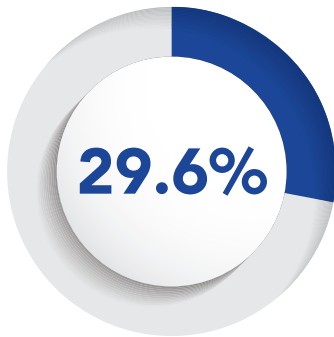
Bank On Initiative Partnership

On August 19th, Acting Director Chasse Rehwinkel was on hand as Governor Pritzker signed legislation into law in Chicago to create the “Bank On Illinois” Program.

This program allows the Comptroller’s office to partner with the Division of Banking, along with banks, credit unions, and advocates, to ensure financial products provide fair options to consumers who are new to banking.

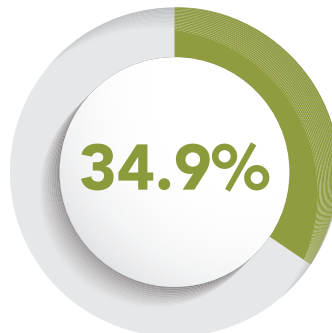
According to Comptroller Susana Mendoza, one of every five households (20%) in Illinois does not use banks. Instead, those consumers fall victim to predatory lenders like payday lenders and auto title lenders, who charge exorbitant fees for basic financial services. A study in 2015 found a full-time worker who doesn’t use retail banking services will pay about \$40,000 in those fees over his or her lifetime.

Low-income earners and immigrants are more vulnerable to those kinds of fees. According to the comptroller’s office, the most unbanked and underbanked counties in Illinois are:



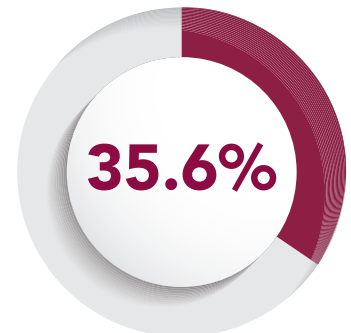
Northern Illinois

Cook County



Central Illinois

Macon County



Southern Illinois

Alexander County

DOB on the Go & Upcoming Events

Attended

DOB Table at the Illinois State Fair (Springfield and DuQuoin)

Conference of State Bank Supervisors Deputy Seminar

Senator Munoz Back to School Event

Illinois Bankers Association (IBA) Agricultural Banking Conference

St. Louis and Chicago Federal Reserve Bank Quarterly Meetings

Metro Correctional Mock Job Fair

Senator Bush & Congressman Schneider Job & Resource Fair

Senator Curran Senior Fair

Second First Church Summit of Hope

Colorado Bankers Association Conference on Marijuana and Banking

Upcoming

Decatur Re-Entry Summit

Senator Villivalam, Congresswoman Schakowsky, and Commissioner Suffredin Tax & Resource Fair

IDES Job and Resource Fairs across the state

Senator Manar Senior Fair

Chicago Federal Reserve Board District Meeting

Community Bankers Association of Illinois Convention

Conference of State Bank Supervisors: Community Banking in the 21st Century Conference

The Federal Reserve Board of Cleveland's Managing Cyber Risks Conference



On 9/17/2019, IDFPR helped bankers across the country learn more about the technology being used to help provide financial services to consumers.

IDFPR hosted the “Ask the Fed” webinar at the Bilandic Building in Chicago. Discussions focused on consumer protections and trends.

“Ask the Fed” is a monthly series of webinars and conference calls organized by the Federal Reserve Bank of St. Louis. They feature Fed experts and guest speakers on top banking questions.

Pictured are Kerri Doll (IDFPR Assistant Director of Bank and Trusts), Deborah Hagan (IDFPR Secretary), Carol Evans (Associate Director of the Division of Consumer and Community Affairs, Federal Reserve Board), Julie Stackhouse (Executive Vice President, Federal Reserve Bank of St. Louis), and Chase Rehwinkel (IDFPR Division of Banking Acting Director).

IDFPR Secretary Deborah Hagan (center), Assistant Director of Banks and Trusts Kerri Doll (second from right), and Acting Director of Banking Chase Rehwinkel (far right) met with the leadership team of The Village Bank in St. Libory on 8/20/2019.

The Village Bank has three locations in southern Illinois and celebrated 100 years of operations in 2019!



On 6/5/2019, Kerri Doll and Kari Selinger from the Division of Banking attended the Summit of Hope Community Expo organized by the Illinois Department of Corrections at the Illinois State Fairgrounds. Kerri Doll gave a brief presentation highlighting who IDFPR is and what licenses we regulate while also making reference to the recent press release IDFPR published concerning the fact that criminal convictions are rarely a bar to obtaining licensure. The goal of the Summit of Hope events is public safety through reduced recidivism. These events provide community expos of services and support to encourage and supply those reentering into society with the tools needed to succeed.

Pictured (left to right): Assistant Director of Banks and Trust, Kerri Doll, Deputy Director of the Division of Banking, Kari Selinger along with Representative Mike Murphy (99th District) and Terry Hill, Community Outreach Administrator with the Illinois Department of Corrections.



2019 DuQuoin State Fair



2019 Illinois State Fair



Illinois Department of Financial and Professional Regulation

100 West Randolph, 9th Floor | Chicago, IL 60601

320 West Washington, 3rd Floor | Springfield, IL 62786

1 (888) 473-4858

