

**DEPARTMENT OF BANKING
OVERVIEW**

The Fiscal Year 1996 Budget recommends continuation funding of \$6.6 million 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.

The FY 1996 recommendation is approximately \$.5 million below current appropriation. This reflects a decrease of \$170,000 as a result of the transfer of the NJ Cemetary Board to the Department of Law and Public Safety and the unfunding of some vacant positions in the Department.

Financial services such as consumer lending fall within the Department's supervisory authority. Financial services range from mortgage bankers; mortgage brokers; check cashing and check selling companies; non-profit credit unions to various forms of consumer lending firms.

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 for licensing all 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 Chairperson 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 Chairperson 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, 1994					Year Ending June 30, 1996			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		1995 Adjusted Approp.	Requested	Recom- mended
1,007	—	-14	993	946	Economic Regulation			
					Regulatory Affairs - Licensing, Applications and Consumer Affairs	1,117	1,119	1,119
5,054	503	-149	5,408	5,092	Supervision and Examination of Financial Institutions	5,184	4,553	4,553
—	2,625	—	2,625	91	Pinelands Development Credit Bank	—	—	—
658	1	40	699	635	Management and Administrative Services	803	954	954
6,719	3,129	-123	9,725	6,764	Total Appropriation	7,104	6,626	6,626

**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.

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.
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 1993	Actual FY 1994	Revised FY 1995	Budget Estimate FY 1996
PROGRAM DATA				
Regulatory Affairs – Licensing, Applications and Consumer Affairs				
Consumer Credit Associations				
Licenses Issued	5,650	5,800	6,000	5,700
Consumer Complaints				
Received	2,900	2,922	2,500	2,500
Completed	2,400	2,615	2,500	2,500
Inquiries and Referrals	873	666	750	750
New Jersey Cemetery Board				
Cemetery Companies Certified	372	387	391	— (a)
Supervision and Examination of Financial Institutions				
State Chartered Institutions				
Banks	100	103	94	95
Examinations Conducted	59	48	48	45
Bank Holding Companies	40	44	40	38
Savings and Loan Associations	55	46	38	35
Examinations Conducted	17	18	20	18
Consumer Credit Associations				
Associations Subject to Examination	1,042	1,015	1,029	1,010
Examinations Conducted	411	306	300	340

	Actual FY 1993	Actual FY 1994	Revised FY 1995	Budget Estimate FY 1996
PERSONNEL DATA				
Affirmative Action Data				
Male Minority	9	9	11	12
Male Minority %	7.3	7.2	9.4	9.4
Female Minority	13	12	10	11
Female Minority %	10.5	9.6	8.2	8.6
Total Minority	22	21	21	23
Total Minority %	17.7	16.8	17.2	18.0
Position Data				
Filled Position by Funding Source				
State Supported	125	122	128	123
Total Positions	125	122	128	123
Filled Positions by Program Class				
Regulatory Affairs – Licensing, Applications and Consumer Affairs	18	21	22	25
Supervision and Examination of Financial Institutions	89	89	87	81
Management and Administrative Services	18	12	11	17
Total Positions	125	122	120	123

Notes: (a) The Budget Estimate for fiscal year 1996 reflects the transfer of the New Jersey Cemetery Board to the Department of Law and Public Safety, Division of Consumer Affairs.
Actual fiscal years 1993 and 1994 and Revised fiscal year 1995 position data reflect actual payroll counts. The Budget Estimate for fiscal year 1996 reflects the number of positions funded, and has been adjusted to reflect the transfer of the New Jersey Cemetery Board to the Department of Law & Public Safety, Division of Consumer Affairs.

APPROPRIATIONS DATA
(thousands of dollars)

Year Ending June 30, 1994					Year Ending June 30, 1996			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	Prog. Class.	1995 Adjusted Approp.	Requested	Recom- mended
Distribution by Program								
1,007	—	-14	993	946				
					01	1,117	1,119	1,119 ^(a)
5,054	503	-149	5,408	5,092	02	5,184	4,553	4,553
—	2,625	—	2,625	91	05	—	—	—
658	1	40	699	635	99	803	954	954
6,719	3,129	-123	9,725	6,764		7,104^(b)	6,626	6,626
Distribution by Object								
Personal Services:								
5,899	—	-301	5,598	5,518		6,284	5,960	5,960
5,899	—	-301	5,598	5,518		6,284	5,960	5,960
71	1	6	78	70		77	76	76
617	4	158	779	685		656	541	541
29	1	1	31	14		30	39	39
Special Purpose:								
—	2,619	—	2,619	88	05	—	—	—
10	—	-10	—	—	99	10	10	10
10	2,619	-10	2,619	88		10	10	10
93	504	23	620	389		47	—	—

BANKING

Year Ending June 30, 1994							Year Ending June 30, 1996	
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	Prog. Class.	1995 Adjusted Approp.	Requested	Recom- mended
OTHER RELATED APPROPRIATIONS								
All Other Funds								
—	—	—	—	—				
6,719	3,129	-123	9,725	6,764	01	—	200	200
						—	200	200
						7,104	6,826	6,826

- Notes: (a) The fiscal year 1996 recommendation for Regulatory Affairs has been adjusted to reflect the transfer of the New Jersey Cemetery Board, net of consolidation savings, to the Department of Law & Public Safety, Division of Consumer Affairs.
- (b) The fiscal year 1995 appropriation has been adjusted for the allocation of salary program and has been reduced to reflect transfer of funds to the salary and other benefits accounts.

LANGUAGE PROVISIONS

It is recommended that the unexpended balance as of June 30, 1995 in the Pinelands Development Credit Bank account be appropriated for the same purpose.

It is further recommended that the receipts in excess of anticipated revenues from examination and licensing fees, bank assessments, fines and penalties, not to exceed \$200,000, shall be appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

6,719	3,129	-123	9,725	6,764	Total Appropriation, Department of Banking	7,104	6,626	6,626
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