January 14, 2021

The Honorable Delores G. Kelley, Chair
The Honorable Brian J. Feldman, Vice Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Dear Chair Kelley and Vice-Chair Feldman:

The Maryland Program Evaluation Act gives the General Assembly the opportunity to review the activities of the Office of the Commissioner of Financial Regulation (the "OCFR") and of the Maryland State Collection Agency Licensing Board ("MCALB") to determine whether these programs have operated in a manner that gives citizens confidence in the government and promotes the health of the State's economy. We are all former Commissioners who believe that the continued operation of the OCFR and MCALB is in the public interest and we urge the Committee and General Assembly to pass SB206 and SB281 and reauthorize their missions for another ten years.

Today, more than ever, Maryland has a continuing need for a state-level regulator of financial services such as the OCFR and its constituent MCALB. Maryland benefits from having strong, well regulated local financial institutions such as banks, credit unions and trust companies, and the state needs a specialized regulatory agency to oversee their activities particularly as these financial institutions continue to grow and diversify (Note: Maryland saw its first bank reach over $10 billion in assets last year). OCFR, an accredited depository supervisory agency, is the state-level agency that oversees the creation and supervision of such entities. Similarly, the State needs a specialized financial services regulator that can oversee and supervise, on behalf of the State of Maryland, non-depository financial entities such as mortgage lending and servicing companies, consumer lenders, debt collectors, credit reporting agencies, and money transmitters. OCFR is the accredited, state level agency that carries out those functions. MCALB, which meets regularly, informs both licensees and the public about abusive debt collection practices and continues to actively work for the good of all Marylanders as it supervises the licensing of collection agencies, investigates accusations of wrongful conduct, and seeks to appropriately regulate the collection industry. It is vitally important to the proper functioning of the State's economy that such regulatory and supervisory activities continue and that they be carried out by a specialized state agency such as the OCFR.

Over the past decade, the State's financial system and consumers faced a number of significant challenges including those stemming from the great recession and related foreclosure crisis, inconsistent federal regulation, and technological growth and change. In each instance, the OCFR and MCALB worked with the General Assembly, the Office of the Attorney General, and other state and federal regulators, to bring about changes that resulted in strengthened consumer protections and a well-functioning financial services industry within the State. The OCFR gained experience, expertise, and enhanced authority over that time and it built upon those experiences to become an active and respected State financial regulator.

Today, thanks to the support of the General Assembly and the cumulative work of successive Commissioners, the OCFR and MCALB are active participants, and in many circumstances leaders, in a nationwide state regulatory networked supervisory system. That system gives the OCFR and MCALB access to sophisticated technology such as the NMLS licensing system and SES examination system and allows them to leverage their resources so they operate efficiently and benefit the States' consumers and economy. The results can be seen in their participation in coordinated licensing and examination activities of the nation’s largest financial service providers and significant joint enforcement actions.

Overall, the OCFR and MCALB have efficiently and successfully met their mandates over the sunset period and their missions should be continued. We urge the Committee and the General Assembly to pass SB206 and SB281 to extend their termination dates to July 1, 2032.

Respectfully,

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