



January 18, 2024

Delegate C.T. Wilson, Chair
House Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401

Dear Chair Wilson:

The Conference of State Bank Supervisors (“CSBS”)¹ appreciates the opportunity to comment on Maryland House Bill 250. The bill will authorize the Commissioner of Financial Regulation to examine third-party service providers (“TSPs”) that perform critical activities on behalf of a Maryland licensed or chartered financial entity. This legislation will enhance the Commissioner’s ability to promote consumer protection and the safety and soundness of regulated entities. Currently, 37 states have similar authority under their respective state laws.

Financial institutions have long partnered with third-party service providers, which can be affiliates, subsidiaries, or contracted vendors, to outsource a range of critical business services and help leverage technological innovations. TSPs are expected to comply with the same applicable laws and regulations as the financial institutions using their services.

While financial institution and vendor relationships are common, they can expose financial institutions and their customers to unique and serious risks, particularly cybersecurity or business continuity risks. Recent cyber incidents at technology vendors underscore the serious vulnerabilities that can exist at TSPs. Ensuring effective regulatory oversight of financial institutions’ partners and vendors is important to mitigating these risks.

We appreciate your efforts to bring this bill to the House Economic Matters Committee for its consideration and look forward to its enactment.

Sincerely,

Karen K. Lawson
Executive Vice President, Policy & Supervision

cc: Antonio P. Salazar, Commissioner of Financial Regulation

¹ CSBS is the nationwide organization of state banking and financial regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, facilitating regulatory coordination on a state-to-state and state-to-federal basis, and providing training, educational programs, and exam resources.