

**DEPARTMENT OF BANKING  
OVERVIEW**

The Fiscal Year 1994 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 in cooperation with the Resolution Trust Corporation (RTC) and the Federal Deposit Insurance Corporation (FDIC) work to market failed institutions in order to ensure continued lending and other banking services.

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. 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 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 enacts 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.

**SUMMARY OF APPROPRIATIONS BY PROGRAM**  
(thousands of dollars)

Year Ending June 30, 1992					Year Ending June 30, 1994		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended	1993 Adjusted Approp.	Requested	Recommended
1,225	53	-98	1,180	1,178	<b>Economic Regulation</b>		
3,789	697	-488	3,998	3,998	1,007	1,149	1,007
—	2,751	—	2,751	90	4,335	4,866	4,335
1,252	9	44	1,305	1,287	—	—	—
					658	715	658
<b>6,266</b>	<b>3,510</b>	<b>-542</b>	<b>9,234</b>	<b>6,553</b>	<b>6,000</b>	<b>6,730</b>	<b>6,000</b>
					<b>Total Appropriation</b>		

**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**

**PROGRAM DATA**

**Regulatory Affairs - Licensing, Applications and Consumer Affairs**

**Consumer Credit Associations**

	Actual FY 1991	Actual FY 1992	Revised FY 1993	Budget Estimate FY 1994
Licenses Issued .....	6,676	5,223	5,650	5,300

**Consumer Complaints**

Received .....	3,316	3,067	2,900	2,900
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Completed .....	2,452	2,878	2,400	2,400
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Inquiries and Referrals .....	19,374	26,204	10,000	10,000
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**New Jersey Cemetery Board**

Cemetery Companies Certified .....	368	369	372	375
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**Supervision and Examination of Financial Institutions**

**State Chartered Institutions**

Banks .....	90	93	95	97
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Examinations Conducted .....	51	51	54	45
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Bank Holding Companies .....	54	51	47	45
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Savings and Loan Associations .....	86	71	63	59
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Examinations Conducted .....	28	27	42	42
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**Consumer Credit Associations**

Associations Subject to Examination .....	1,123	1,060	1,060	1,000
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Examinations Conducted .....	412	382	411	411
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50. ECONOMIC PLANNING, DEVELOPMENT AND SECURITY  
52. ECONOMIC REGULATION

	Actual FY 1991	Actual FY 1992	Revised FY 1993	Budget Estimate FY 1994
<b>PERSONNEL DATA</b>				
<b>Affirmative Action Data</b>				
Male Minority .....	9	9	9	11
Male Minority % .....	6.2	6.8	7.3	8.2
Female Minority .....	13	13	13	15
Female Minority % .....	8.9	9.8	10.5	11.2
Total Minority .....	22	22	22	26
Total Minority % .....	15.1	16.5	17.7	19.4
<b>Position Data</b>				
Budgeted Positions .....	163	156	156	156
Regulatory Affairs - Licensing, Applications and Consumer Affairs .....	42	31	34	34
Supervision and Examination of Financial Institutions .....	86	95	101	101
Management and Administrative Services .....	35	30	21	21
Total Positions .....	163	156	156	156

APPROPRIATIONS DATA  
(thousands of dollars)

Year Ending June 30, 1992					Year Ending June 30, 1994			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	Prog. Class.	1993 Adjusted Approp.	Requested	Recom- mended
1,225	53	-98	1,180	1,178	<b>Distribution by Program</b>			
3,789	697	-488	3,998	3,998	01	1,007	1,149	1,007
	2,751		2,751	90	02	4,335	4,866	4,335
1,252	9	44	1,305	1,287	05			
					99	658	715	658
<b>6,266</b>	<b>3,510</b>	<b>-542</b>	<b>9,234</b>	<b>6,553</b>		<b>6,000<sup>(a)</sup></b>	<b>6,730</b>	<b>6,000</b>
					<b>Distribution by Object</b>			
					<b>Personal Services:</b>			
5,620		16	5,636	5,636		5,429	5,899	5,429
<b>5,620</b>		<b>16</b>	<b>5,636</b>	<b>5,636</b>		<b>5,429</b>	<b>5,899</b>	<b>5,429</b>
44		33	77	76		29	76	24
492		153	645	639		438	636	450
25		-1	24	21		24	29	24
					<b>Special Purpose:</b>			
	53 <sup>R</sup>	-53			01			
	697 <sup>R</sup>	-697			02			
	2,751		2,751	90	05			

# BANKING

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

Year Ending June 30, 1992					Year Ending June 30, 1994				
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended	Prog. Class.	1993 Adjusted Approp.	Requested	Recommended	
10	—	—	10	10	Affirmative Action and Equal Employment Opportunity	99	10	10	10
10	3,501	-750	2,761	100	<i>Total Special Purpose</i>				
75	9	7	91	81	Additions, Improvements and Equipment	70	80	63	

Notes: (a) The fiscal year 1993 appropriation has been adjusted for the allocation of the salary program, for the inclusion of \$343,000 in appropriated receipts, and to reflect the transfer of funds to the Employee Benefits accounts.

### LANGUAGE PROVISIONS

It is recommended that the unexpended balance as of June 30, 1993 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.

6,266	3,510	-542	9,234	6,553	Total Appropriation, Department of Banking	6,000	6,730	6,000
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