



## OVERVIEW: THE DIVISION OF BANKING AND FINANCIAL INSTITUTIONS

The Division of Banking and Financial Institutions became a division of the Department of Administration under 2001 legislation. Previously the Commissioner of Banking and Financial Institutions reported to the Department of Commerce. The Director of the Department of Administration appoints the Commissioner of Banking and Financial Institutions. All statutory duties exercised by the division are carried out on behalf of the Department of Administration. The State Banking Board may be consulted regarding the hiring or termination of the commissioner. The commissioner's position is exempt from the state classification and pay plan under 2-18-103, MCA.

Commissioner of Banking and Financial Institutions: Melanie Hall, appointed January 18, 2011.

### Duties/Responsibilities

Licenses, examines, or regulates the following MCA provisions:

- The Bank Act, Title 32, chapter 1
- Building and Loan Associations, Title 32, chapter 2
- The Montana Credit Union Act, Title 32, chapter 3
- The Montana Consumer Loan Act, Title 32, chapter 5
- The Electronic Funds Transfer Act, Title 32, chapter 6
- Escrow businesses, Title 32, chapter 7
- The Montana Mortgage Act, Title 32, chapter 9
- The Business and Industrial Development Corporation Act, Title 32, chapter 11
- The Retail Installment Sales Act, Title 31, chapter 1, part 2
- The Deferred Deposit Loan Act, Title 31, chapter 1, part 7

Licensee Types	As of 9/2019
State-chartered Banks	39
State-chartered Branch Banks	452
State-chartered Credit Unions	10
State-chartered Trust Companies	0
State-chartered Consumer Finance Companies	318
State-chartered Sales Finance Companies	155
State-chartered Escrow Companies	7
Mortgage Broker Entities*	165
Mortgage Broker Branches*	171
Mortgage Lender Entities*	198
Mortgage Lender Branches*	382
Mortgage Servicer Entities*	160
Mortgage Servicer Branches*	113
Mortgage Loan Originators*	3,206
*Information from Rule Notice 2-59-590	

### Goals

The Division's website states its mission is "to protect Montana citizens by regulating state-chartered and licensed financial institutions under its supervision." Stated goals are to:



- Protect from abuses that occur in the credit marketplace those Montana citizens who enter:
  - short-term, high-rate loans with lenders;
  - residential mortgage loans;

- Promote the dual regulatory system that allows state and federal governments to charter, regulate, and supervise financial institutions for the good of Montana citizens;
- Provide Montana citizens with a safe and sound system of state-chartered financial institutions;
- Improve the distribution of information and services through web-based tools, including through their [www.banking.mt.gov](http://www.banking.mt.gov) website and other financial education resources; and
- Review current policies, procedures, and laws for needed revisions.

## Funding

State Special Revenue	Total All Sources
\$4,421,858.00	\$4,421,858.00

State special revenue funding for the division is based on fees assessed against the financial services that are regulated. The 2021 biennium budget is higher than the 2019 biennium budget, partly due to Increasing costs of regulating financial institutions with a consistently increasing asset size.

## Legislative Audits

The Division of Banking and Financial Institutions is within the Department of Administration. The most recent (2018) audit of that department did not specify any concerns about the division.

## Possible Topics of Interest

- Loss of access in rural areas to local financial institutions.
- Impact of different payment methods (e.g. cryptocurrency) on banking and financial institutions.

## History

Banking laws first took effect in Montana in 1927. Laws regulating credit unions went into effect in 1975, two years after the 1973 Legislature created a State Banking Board. The Division of Banking and Financial Institutions moved to its current home in the Department of Administration in 2001 as part of a legislative reorganization moving some Department of Commerce regulatory functions to the Department of Administration.

### State Banking Board

The State Banking Board's main duty is to make a final determination regarding formation of a new bank. The board, created under 2-15-1025, MCA, may act as an adviser on banking-related activities and may

Banking Board Members	Representing	Term Expires
Thomas Swenson, Missoula	Active officer in state bank	7/01/2020
Tony Ennenga, Missoula	Public representative not a bank officer, director, shareholder	7/01/2020
Kay Clevidence, Victor	Active officer in state bank	7/1/2021
David Madison, Shelby	Public representative	7/1/2021
Bart Langemeier, Red Lodge	Officer, national bank doing business in Montana	7/1/2019 Serving until new person appointed
Amy Rapp, Great Falls	Public representative not a bank officer, director, shareholder	7/1/2019 Serving until new person appointed

review decisions and hold hearings upon the request of the department or an application in relation to formation, closure, consolidation, merger, or sale of a bank or branch bank. Members are limited to 2 terms of 3 years each. The State Banking Board has not met since June 2014.