

BANKING DEPARTMENT

MISSION

The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising approximately 4,000 State-chartered banking institutions with total assets of approximately \$1.8 trillion. In carrying out this responsibility, the Department approves acquisitions, branch expansions, mergers and other forms of consolidation. It also levies fines, orders cessation of unsound financial practices and replaces management as needed. In addition, the Department is authorized to take possession of failing institutions and to operate or liquidate them for the benefit of depositors and creditors. In exercising this oversight function, the Banking Department maintains the highest standards to assure the continued safety and soundness of, and the full public confidence in, the institutions supervised. By dealing decisively with institutions that are not in compliance with banking laws and regulations, or cases of malfeasance, the Department promotes a desirable business climate for all financial institutions operating in New York State.

ORGANIZATION AND STAFFING

The Superintendent of Banks, appointed by the Governor, directs the Department. The Superintendent is also the Chair of the 17-member Banking Board, a quasi-legislative body which regulates the conduct of banking in the State. Members of the Board are appointed by the Governor with the consent of the Senate. They receive travel reimbursement but are not otherwise compensated. The Department maintains offices in Albany, New York City, Syracuse, London, and Tokyo. The Banking Department will have a workforce of 640 positions for 1999-2000.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Banking Department is entirely supported by fees charged to regulated financial institutions and organizations. The Budget recommends \$61.8 million for the Department, including \$59 million supported by these banking industry fees.

The Budget includes funds for the State's Holocaust Claims Processing Office. The Holocaust Office, established in 1997, assists Holocaust survivors and their heirs in their search for assets rightfully belonging to them that have been withheld by banks and insurance companies.

PROGRAM HIGHLIGHTS

To ensure the safety and soundness of banking institutions, the Department monitors these institutions to identify problems and works with management to promptly solve them. This responsibility is carried out through annual on-site examinations of most State-chartered institutions, the regular review of institutional financial reports and periodic site visits.

To ensure that State-chartered banking institutions are complying with State laws and regulations and that no individuals are unfairly denied credit, Department employees conduct consumer compliance examinations and resolve consumer complaints. Other staff monitor whether institutions are helping to meet the credit needs of, and providing banking services to, local communities as required by the State Community Reinvestment Act.

The Banking Department continues to respond to the changing environment of the financial services industry. The passage of legislation providing parity between New York

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chartered banks and national banks reinforces the banking community's view that the New York State charter and the State's regulatory environment is competitive, efficient, cost effective and user-friendly. Additionally, the Department's fair but firm approach to criminal banking activities protects the public and provides support to institutions that do abide by applicable laws and regulations. Lastly, the Department continues to review its internal programs, policies, and procedures in order to eliminate any inefficiencies and promote a strong and health financial services industry.

ALL FUNDS APPROPRIATIONS

Category	Available 1998-99	Appropriations Recommended 1999-00	Change	Reappropriations Recommended 1999-00
State Operations	\$59,945,700	\$61,845,900	+ \$1,900,200	. . . . .
Aid To Localities . . . . .	. . . . .	. . . . .	. . . . .	. . . . .
Capital Projects . . . . .	. . . . .	. . . . .	. . . . .	. . . . .
Total	\$59,945,700	\$61,845,900	+ \$1,900,200	. . . . .

ALL FUND TYPES LEVELS OF EMPLOYMENT BY PROGRAM ANNUAL SALARIED POSITIONS

Program	Available 1998-99	1999-00 Recommended Average Fill Level			Change
		Personal Service (Regular)	Maintenance Undistributed	Total Recommended 1999-00	
Administration					
Special Revenue Funds — Other	64	64	. . . . .	64	. . . . .
Regulation					
Special Revenue Funds — Other	553	533	. . . . .	533	-20
Analysis and Compliance					
Special Revenue Funds — Other	38	38	. . . . .	38	. . . . .
Subtotal, Direct Funded Programs	655	635	. . . . .	635	-20
Suballocations:					
Special Revenue Funds — Other	5			5	. . . . .
Total	660			640	-20

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS

Fund Type	Available 1998-99	Recommended 1999-00	Change
General Fund . . . . .	. . . . .	. . . . .	. . . . .
Special Revenue Funds — Other	\$57,245,700	\$59,145,900	+ \$1,900,200
Fiduciary Funds	2,700,000	2,700,000	. . . . .
Total	\$59,945,700	\$61,845,900	+ \$1,900,200
Adjustments:			
Transfer(s) From			
Banking Department			
General Fund	-340,000		
Transfer(s) To			
Banking Department			
Special Revenue Funds — Other	+ 340,000		
Insurance Department			
Special Revenue Funds — Other	+ 210,000		
Appropriated 1998-99	\$60,155,700		

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS**

<u>Program</u>	<u>Available 1998-99</u>	<u>Recommended 1999-00</u>	<u>Change</u>
Administration			
Special Revenue Funds — Other	\$4,958,800	\$5,116,400	+ \$157,600
Fiduciary Funds	2,700,000	2,700,000	. . . .
Regulation			
Special Revenue Funds — Other	49,620,900	51,154,500	+ 1,533,600
Analysis and Compliance			
Special Revenue Funds — Other	2,666,000	2,875,000	+ 209,000
Total	<u>\$59,945,700</u>	<u>\$61,845,900</u>	<u>+ \$1,900,200</u>

**STATE OPERATIONS — OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
1999-00 RECOMMENDED**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	\$7,816,400	+ \$157,600	\$3,432,900	+ \$135,100
Regulation	51,154,500	+ 1,533,600	31,795,700	+ 1,093,700
Analysis and Compliance	2,875,000	+ 209,000	2,007,200	+ 158,900
Total	<u>\$61,845,900</u>	<u>+ \$1,900,200</u>	<u>\$37,235,800</u>	<u>+ \$1,387,700</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	\$4,383,500	+ \$22,500	. . . .	. . . .
Regulation	18,380,400	+ 439,900	\$978,400	. . . .
Analysis and Compliance	867,800	+ 50,100	. . . .	. . . .
Total	<u>\$23,631,700</u>	<u>+ \$512,500</u>	<u>\$978,400</u>	<u>. . . .</u>