

Of Interest In Kentucky

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Newsletter of the Kentucky Department of Financial Institutions

Issue No. 15, December 2013

Webcast Covers Banking Study

A national community banking research and policy conference, “Community Banking in the 21st Century,” was webcast live from the Federal Reserve Bank of St. Louis Oct. 2-3. Federal Reserve Chairman Ben Bernanke kicked off the conference, hosted by the Federal Reserve System and the Conference of State Bank Supervisors. Conference materials are available at <http://www.stlouisfed.org/banking/community-banking-conference/>.

On Oct. 3, DFI Commissioner Charles Vice moderated a panel discussion of the results from town hall sessions across the U.S. About 1,700 bankers, including 47

from Kentucky, participated in the survey about the challenges and opportunities impacting state-chartered community banks.

“We wanted to discuss topics that are important to community bankers today,” said Vice. “These meetings provided an opportunity to listen to concerns and for bankers to share thoughts and ideas.”

Bankers who attended DFI’s Town Hall Discussion meetings were entered into a “golden ticket” drawing for the opportunity to attend the national conference. Jeff McDaniels, president and CEO of Farmers Bank and Trust in Princeton, was selected.

New Securities Branch Conducts Outreach

DFI’s Prosecution Assistance Unit can assist prosecutors in preparing criminal cases involving securities law violations. Attorney Supervisor Simon Berry and Staff Attorney Gary Adkins also provide investigative support to successfully bring securities cases to trial.

The Prosecution Assistance Unit is currently conducting outreach to bring awareness about its services. For more information, visit <http://kfi.ky.gov/legal/Pages/pau.aspx>.



Charles Vice testified before Congress on June 18, representing both CSBS and Kentucky DFI.

Vice Is Named Chairman of CSBS

In May, DFI Commissioner Charles Vice became chairman of the governing board of the Conference of State Bank Supervisors (CSBS), an organization of banking regulators from across the U.S. CSBS gives state supervisors a national forum to coordinate supervision of state-chartered financial institutions and to develop regulatory policy.

One of his first acts as chairman was to testify before the U.S. House Financial Services Committee’s hearing on the qualified mortgage (QM) rule on June 18. One of 10 panelists, Vice testified that a one-size-fits-all approach won’t work on balloon loans. He stated that the provision limits community bank

flexibility and that consumers benefit from more product availability. Vice also identified flaws in the regulation defining “rural” for the purposes of the balloon QM rule.

Vice’s appointment brought other state leaders to Kentucky in September. CSBS gathered about 70 state banking commissioners, deputies, and others in Lexington, Ky., for three board meetings. Many attendees were visiting Kentucky for the first time and left with a positive impression.

Vice is serving a one-year term as chairman. Upon appointment, he addressed state and federal financial regulators, stressing the importance of establishing and

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Home Federal Bank, Middlesboro
Bank employees are among volunteers during the annual "Repair Affair."



First Security Bank, Owensboro
Tellers presented a customer with a vase of flowers and a Happy Birthday balloon for her 80th birthday.



Hometown Bank, Corbin
Hometown Bank sponsors the Ultimate Climb, a 5K race to benefit the American Cancer Society. Tim Barnes, President/CEO, gives out awards on May 4, 2013.

What Community Banking Looks Like ...

DFI asked bankers around the state to share photos of their bank employees in action. These examples show that "community" is an important part of Kentucky's state-chartered banks.



FNB Bank Inc., Mayfield
FNB Bank Inc. provided and worked the bouncy house at the Mexican Independence Day celebration.



United Community Bank, Morganfield
Jona Moore gives a classroom presentation in May 2012.



Bank of the Mountains, West Liberty
Employees from Bank of the Mountains participate in the annual PRIDE trash pick-up.



Town Square Bank, Ashland
Several bank representatives observe a grant project in action at a Boyd County High School culinary arts class. They serve on the Boyd County Foundation For Children, Inc.



First Citizens Bank, Elizabethtown
Jennifer Gray, Sr. Vice President/Retail Bank Administration, speaks to a class at Heartland Elementary School in Elizabethtown as part of the “Teach Children to Save” program.

DFI Annual Report DFI’s 2012 annual report, which celebrates 100 years of supervising Kentucky’s financial industry, is available online at <http://kfi.ky.gov/publications/Pages/annualreports.aspx>.

Changes Improve Nondepository

DFI has recently implemented some changes to improve money transmitter and mortgage supervision and standards.

Money Transmitters

The commissioner’s order, <http://kfi.ky.gov/legal/Pages/orders.aspx>, signed Sept. 5 expanded the types of permissible investments that are maintainable by money transmitters. This change will bring KRS 286.11 current with today’s marketplace.

Since the money transmitter statute was created in 2006, “plastic” (credit and debit) and automated transactions have become a more common and demanded method of payment by consumers. In recognition of this change, the commissioner’s order allows ACH, debit card, and credit card receivables to be considered permissible

investments - money that must be kept on hand to cover the amount to be transferred.

Earlier this year, Senate Bill 69 became law. This bill streamlined the way money transmitters become licensed, and authorized DFI’s commissioner to require they use a nationwide licensing system to renew or apply electronically. A commissioner’s order, <http://kfi.ky.gov/legal/Pages/orders.aspx>, designates the Nationwide Mortgage Licensing System.

Mortgage

In April, DFI joined other state regulators in adopting the uniform state test component for mortgage loan originators and processors. The new, single test with the uniform state component satisfies the requirement for any or all of the states in which it has been adopted.

Chairman ...from Page 1

fostering relationships in order to be an effective regulator.

Vice also outlined his objective to preserve the diversity of the financial services industry, ranging from the largest multi-national institution to the smallest community bank.

Public Events Help Seniors Avoid Fraud

DFI hosted three Senior Scam Jam events in 2013 - Campbellsville in July, Bardstown in October and Hardinsburg in November - educating more than 144 senior citizens about how to avoid falling victim to financial fraud. Attendees rated the overall program very highly, and many commented that they appreciated the resources and contact information to take home.

Find out more about the red flags of fraud at <http://kfi.ky.gov/public/Pages/scam.aspx>.

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