



Andy Beshear, Governor

Ray A. Perry, Secretary
Justin M. Burse, Acting Commissioner

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2022 THE YEAR OF CHANGE FOR KENTUCKY FINANCIAL SERVICES INDUSTRY

Department of Financial Institutions Issues Annual Report

Frankfort, Ky. (July 24, 2023) – The Kentucky Department of Financial Institutions (DFI) released its 2022 annual report at <https://kfi.ky.gov/Documents/DFI%202022%20Annual%20Report.pdf>. The report summarizes the status of Kentucky’s financial industry, including state-chartered banks, lenders, and securities firms operating in 2022. It further highlights DFI’s committed work to serve the Commonwealth’s citizens and protect their financial interests by maintaining a stable financial industry.

While 2022 was a year of growth in many areas for the financial industry and DFI, it was also undeniably a year of change. In his letter to the governor, Acting Commissioner Justin Burse highlighted some of those many changes, including interest rate increases at the fastest pace in over 30 years, spikes in commodity prices, and lingering effects of the COVID-19 pandemic.

“...the financial services industry took all the change in stride and continued to offer financial services and products to Kentucky residents and customers,” reflected Burse, who also noted the industry “exhibited continued financial health and strong capital positions.”

Within DFI, Burse was promoted from deputy commissioner to acting commissioner in November 2022. Marni R. Gibson, former securities division director, rounded out the executive team when she was appointed as acting deputy commissioner thereafter.

Burse credits DFI’s strong team for coming out ahead of emerging technologies, global events, and the overall evolving landscape of the financial industry. “We are committed to staying ahead of these challenges and maintaining the trust and confidence placed in us by the citizens of Kentucky,” said Burse. “The Department remains steadfast in its mission of ensuring a safe and sound financial system...”

Highlights from the report include:

- The depository division supervised 101 state-chartered banks with assets from \$25 million to \$7.4 billion; 18 state-chartered credit unions with assets from \$13.9 million to \$2 billion; and four state-chartered non-depository trust companies with assets under management of \$882 million to \$10.4 billion. Merger and acquisition activity resulted in the reduction of chartered banks while total assets remained stable.
- The non-depository division supervised 9,148 mortgage loan originators, 2,177 mortgage companies and brokers, 320 check cashers and deferred deposit companies, and 361 consumer loan companies.
- New legislation passed which gave DFI’s non-depository division the authority to regulate the student education loan servicing industry. This increases DFI’s regulatory footprint and ability to protect Kentuckians. Licensure is expected to begin in August 2023.
- The securities division registered 1,425 broker-dealer firms, 163 state-registered investment

- adviser firms, and 166,999 securities professionals.
- The securities' compliance branch conducted 52 examinations which led to five administrative orders or agreements. Administrative and settlement actions from the enforcement branch resulted in over one million dollars in fines and contributions.
 - The securities division worked alongside state and federal legislators to address the emerging risks associated with the cryptocurrency industry. Two emergency actions were entered against virtual currency companies offering unregistered securities, and three emergency actions were issued against companies offering unregistered NFTs and/or other digital assets.

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DFI is an agency in the Public Protection Cabinet, and supervises the financial services industry by examining, chartering, licensing, and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.