

BANKING DEPARTMENT

MISSION

The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising approximately 3,600 State-chartered banking institutions and licensees with total assets of approximately \$1.5 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, 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, and London. The Banking Department will have a workforce of 550 positions for 2007-08.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Banking Department's operations are primarily funded through assessments charged to regulated financial institutions and organizations. The remainder of the Department's operating budget is derived from fees such as investigation fees paid by entities applying for licensure or State charter. The Executive Budget recommends \$99.4 million to support the Department in 2007-08. Of this amount, the Department's operating budget totals \$85.4 million and the remaining \$14 million is a contingent appropriation to support the State Transmitter of Money Insurance Fund which protects moneys that New Yorkers electronically transfer via commercial third parties. The Department's funding level represents an overall increase of 6.3 percent from 2006-07. The increase includes \$3 million to administer the Mortgage Loan Originators Registration Program which begins January 1, 2008. The remaining 3.1 percent increase in funding is the result of negotiated salary and fringe benefit adjustments.

BANKING

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 monitors whether institutions are helping to meet the credit and banking needs of local communities as required by various State laws.

Additionally, the Department's investigation and prosecution of 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 respond to the changing financial services environment and to promote a strong and healthy financial services industry.

The Holocaust Claims Processing Office, established in 1997, assists Holocaust survivors and their heirs in their search for assets that are held by banks, insurance companies and other institutions.

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2006-07 | Appropriations Recommended 2007-08 | Change | Reappropriations Recommended 2007-08 |
|-------------------|----------------------|--|-----------|--|
| State Operations | 92,019,000 | 97,942,000 | 5,923,000 | 4,500,000 |
| Aid To Localities | 1,500,000 | 1,500,000 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 |
| Total | 93,519,000 | 99,442,000 | 5,923,000 | 4,500,000 |

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

| Program | Full-Time Equivalent Positions (FTE) | | |
|-------------------------------|---------------------------------------|---------------------------------------|------------|
| | 2006-07 Estimated FTEs 03/31/07 | 2007-08 Estimated FTEs 03/31/08 | FTE Change |
| | Administration | | |
| Special Revenue Funds - Other | 63 | 63 | 0 |
| Analysis and Compliance | | | |
| Special Revenue Funds - Other | 35 | 35 | 0 |
| Regulation | | | |
| Special Revenue Funds - Other | 452 | 452 | 0 |
| Total | 550 | 550 | 0 |

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| Fund Type | Available 2006-07 | Recommended 2007-08 | Change |
|-------------------------------|----------------------|------------------------|-----------|
| Special Revenue Funds - Other | 92,019,000 | 97,942,000 | 5,923,000 |
| Total | 92,019,000 | 97,942,000 | 5,923,000 |

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

| Program | Available 2006-07 | Recommended 2007-08 | Change |
|-------------------------------|------------------------------|--------------------------------|------------------|
| Administration | | | |
| Special Revenue Funds - Other | 21,766,000 | 22,086,000 | 320,000 |
| Analysis and Compliance | | | |
| Special Revenue Funds - Other | 4,100,000 | 4,287,000 | 187,000 |
| Regulation | | | |
| Special Revenue Funds - Other | 66,153,000 | 71,569,000 | 5,416,000 |
| Total | <u>92,019,000</u> | <u>97,942,000</u> | <u>5,923,000</u> |

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

| Program | Total | | Personal Service | |
|-------------------------|-------------------|------------------|-------------------------|------------------|
| | Amount | Change | Amount | Change |
| Administration | 22,086,000 | 320,000 | 4,665,000 | 225,000 |
| Analysis and Compliance | 4,287,000 | 187,000 | 2,715,000 | 132,000 |
| Regulation | 71,569,000 | 5,416,000 | 35,072,000 | 1,705,000 |
| Total | <u>97,942,000</u> | <u>5,923,000</u> | <u>42,452,000</u> | <u>2,062,000</u> |

| Program | Nonpersonal Service | | Maintenance Undistributed | |
|-------------------------|----------------------------|------------------|----------------------------------|---------------|
| | Amount | Change | Amount | Change |
| Administration | 17,421,000 | 95,000 | 0 | 0 |
| Analysis and Compliance | 1,572,000 | 55,000 | 0 | 0 |
| Regulation | 35,332,000 | 3,711,000 | 1,165,000 | 0 |
| Total | <u>54,325,000</u> | <u>3,861,000</u> | <u>1,165,000</u> | <u>0</u> |

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

| Fund Type | Available 2006-07 | Recommended 2007-08 | Change |
|-------------------------------|------------------------------|--------------------------------|---------------|
| Special Revenue Funds - Other | 1,500,000 | 1,500,000 | 0 |
| Total | <u>1,500,000</u> | <u>1,500,000</u> | <u>0</u> |

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

| Program | Available 2006-07 | Recommended 2007-08 | Change |
|-------------------------------|------------------------------|--------------------------------|---------------|
| Administration | | | |
| Special Revenue Funds - Other | 1,500,000 | 1,500,000 | 0 |
| Total | <u>1,500,000</u> | <u>1,500,000</u> | <u>0</u> |