MSB One Company, One Exam
Defining Networked Supervision

CSBS will serve as a platform for state financial regulators to collaborate on the supervision of the firms they regulate. States will bring their knowledge and experience of working at the local level to form the collective intelligence of the network. CSBS will provide the technology and data for states to efficiently know the financial health and compliance of the firms they regulate.
Components of MSB Networked Supervision
Why?

To empower a strong and assertive state system of financial regulation that will reduce regulatory burden, create new efficiencies, and improve the overall effectiveness of the state system.

Why now?

State Regulators must consider how constant disruption due to emerging technologies, big data, artificial intelligence and automation will impact their organization, customers, tools and partnerships.
The Purpose of MSB One Company, One Exam

To transform a 50-state system into an inclusive national system using common policies to prioritize work based on risk and resource availability. This will empower a strong, efficient, and assertive state system of financial regulation.
The MSB Protocol and Agreement

Basics of the Coordinated Supervisory Process

The Multistate MSB Examination Taskforce (MMET) is tasked with administering an all-states scheduling call to be held quarterly.

EICs are to contact the home state of the licensee to invite the home state onto the exam.

Independent exams (e.g. exams that are not multistate in nature), are to be limited.

States that do not participate in multistate exams agree to strive to accept other state exams in lieu of conducting an on-site independent exam.
MSB OCOE Pilot to Program

One Company One Exam Pilot

2018
Board Approval of the One Company, One Exam Pilot

2019
MMET selects company and the EIC. The exam team consisted of all MMET states.

2020
One nationally operating Money Transmitter was examined by 5 states and the report of examination was accepted by 12 states

MSB OCOE Program

2020
Creation of Implementation & Process plan for MSB Networked Supervision

2020
Extensive state engagement and coordination on MSB exams for large-scale Money Transmitters. All states are solicited for participation.

2021
State Regulators successfully coordinated the scheduling process for large-scale Money Transmitters
Benefits of a Networked Process

1. A strong networked system of state regulation that functions efficiently and offers strong consumer protection
2. A more efficient and inclusive scheduling process
3. A core set of harmonized standards to create multi-state partnerships with examiner pools and shared resources
4. Increased opportunities for examiner training
2021 MSB OCOE Highlights

|    | OCOE Exams have taken place | States led these exams | Different States have participated as Joint States | States have indicated they will accept an ROE of an OCOE exam in lieu of an independent exam for a total of 235 accepted ROE's | The average exam consist of 4 states. 43% of exams consisted of 5 or more states. |
|----|-----------------------------|------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 70 |                             | 14                     | 34                                                 |                                                                                                                           |

As of 11/17/2021
The Future of Money Transmission Regulation

Current Environment

*Manual & Siloed*

- 50 sets of standards and varying policies
- Independent regulation, state specific requirements
- Calendar year exam cycles

The Vision

*Streamlined*

- National standards and common policies
- Harmonized regulation that relies on technology and data analytics
- Exam cycles based on risk and resource availability
The Enabling Feature of Networked Supervision is the Model Law

MMLA

NMLS Modernization

Money Transmitter Model Law

One Company, One Exam

technology

Systems

SES

People