A Look Forward in 2020 and Beyond

Department Receives Re-accreditation

PA Launches ‘Investing in Women’

Avoid Being an Easy Target for Fraud
Our mission at the department is to regulate financial services and work to ensure consumers and businesses are well-informed about the marketplace. Since I joined the department in 2015 DoBS has maintained a reputation as one of the finest state financial regulators in the country. But our work is not done.

As we look ahead, there are areas that will require continued attention, as well as new areas we intend to develop.

**Financial Capability Forum**
As part of the implementation of Investing in Women, the department plans to host a statewide financial capability forum in May. This forum will bring together experts from the financial field to share what individuals can do to take control of their finances. Learn more at dobs.pa.gov/investinginwomen

**Current Expected Credit Losses**
The implementation of the Current Expected Credit Losses, also known as CECL, becomes effective for all financial institutions beginning in January 2020 through 2023 depending on an institution’s characteristics. The new accounting standard issued by the Financial Accounting Standards Board (FASB) establishes a new methodology for estimating allowances for credit losses.

**Hemp and Marijuana Banking**
In October 2019, the USDA released long awaited Interim Final Rule that provided much needed guidance to farmers and others in the hemp industry. Federal regulators released guidance in December 2019 clarifying that banks no longer need to file suspicious activity reports based solely on the fact that the businesses are engaged in the growth or cultivation of hemp.

Pennsylvania was joined by 23 other state bank supervisors in issuing a letter to Congress urging federal action for financial instructions to bank marijuana. Additionally, when the SAFE ACT was up for a vote in the House, I submitted both testimony and a position paper advocating for its successful passage in September 2019. Unfortunately, state marijuana programs continue to stand in conflict with federal law. DoBS has been at the forefront of leading the change in Congress to get a solution on banking marijuana and we continue to uphold our responsibilities.

**Lean and GreenGov Program**
DoBS completed a 70-question check list that evaluates our efforts towards the Governor’s executive order addressing climate change and promoting energy conservation and sustainable governance.
Even though we are a small agency, we achieved certification for our Green efforts, and need to pursue continuous improvement.

Next Generation Bankers Academy
The Next Generation Bankers Academy is a unique workforce development program which introduces college students to the endless possibilities that exist in banking careers. This free, week-long program teaches students different aspects of community banking. Created in partnership with the Pennsylvania Bankers Association and the Pennsylvania Association of Community Bankers, this model for other departments is true collaboration to engage students about leadership and careers in financial services.

State Agency Financial Exchange (SAFE)
The State Agency Financial Exchange, established in 2015, can be further enhanced through adoption of other consumer facing information. Since its creation, SAFE has brought together nearly two dozen state agencies and offices to provide consumers resources on important topics such as scams, credit card skimming devices, disaster preparation and recovery, and cybersecurity. SAFE, through quarterly meetings and ad-hoc projects, serves as a vital tool that leverages multiple agencies to reach a myriad of Pennsylvania residents on being well informed about timely topics.

Fintech
Fintech is becoming increasingly globalized with platforms and developers having a far wider reach than their immediate geographic footprint. Consumers' ability to have highly customizable and tailored financial services tools at their fingertips from various channels will increase pressure on established players to meet customer expectations. Shifting consumer preferences for real-time payments that are instant and free are also likely to change how financial entities think about the transfer of money, even more so with the Federal Reserve's plan to develop a real time payments platform by 2024.

I am extremely proud of the hard-working men and women at the department. We are very fortunate to have such an experienced and dedicated team of professionals serving and protecting the public.

Department Receives National Re-accreditation
The department received re-accreditation from the Conference of State Bank Supervisors (CSBS), the American Association of Residential Mortgage Regulators (AARMR), and National Association of State Credit Union Supervisors (NASCUS) certifying the department maintains the highest standards and practices in its supervision of banks, credit unions, trust companies and mortgage licensees.

The accreditation programs involve rigorous and comprehensive reviews of the department's operations, including administration and finance, personnel and training, examination and supervision capabilities, and legislative powers.

Pennsylvania remains a leader having been accredited by CSBS for over 30 years, one of 26 states accredited through AARMR, and one of 28 states to be accredited by NASCUS. The 2019 accreditation process was the first time CSBS, AARMR, and NASCUS completed a joint review of the department.

Accreditations are completed every five years and include self-evaluation questionnaires, extensive onsite evaluations that are completed by CSBS, AARMR, and NASCUS experts. Reviews are also completed by the audit team and the performance standards committee of each accrediting organization. Learn more at www.dobs.pa.gov.
Department Helps Consumers Resolve 4,200 Financial Complaints

The department responded to more than 4,200 consumer financial complaints and inquiries in fiscal year 2018-2019 and helped to resolve them in an average of five days or less, according to the Consumer Services Annual Report.

Our staff helps Pennsylvanians resolve issues they might have with financial institutions and educates consumers to prevent them from becoming victims of scams or fraud.

The department’s Investor Education and Consumer Outreach presented, or represented the department, at 359 events across 55 counties, reaching more than 21,235 Pennsylvanians, including:

- 10,992 seniors at 54 senior expos;
- 1,139 seniors at 59 Fraud Bingo events;
- 1,554 financial professionals at 18 elder abuse prevention trainings;
- 483 working adults at 17 Start Today and Retire Tomorrow (STaRT) retirement planning presentations;
- 6,470 inmates at 123 fairs and presentations.

Though the department received the least number of overall complaints last year compared to the past five years, thousands of Pennsylvanians are victims of scams and fraud each year. The report highlights affinity fraud, identity theft, and fake checks for being especially common now, and provides tips for consumers to protect themselves.
Avoid Giving Fraudsters an Easy Target; Spell Out 2020

Don’t make it easy for fraudsters to alter your documents by abbreviating “2020” on important documents. Always write out the full year, “2020”.

Many of us when signing, dating, or wiring checks abbreviate the date by only using the last two digits of the year. As we turn the page on 2019 and begin 2020, it’s important to always use the full four digits.

Why? Any financial document or instrument, such as a check or contract, can easily be manipulated if the last two digits of the year are the same as the first two. For example, if you have an important document like a check dated “1/1/20” it could easily be altered to read “1/1/2021” or “1/1/2019”.

Suppose you write a check to pay someone on 1/1/20 and they deposit it to their bank via remote capture with their cell phone. They still have the check in their possession. They could then manipulate the signed date to say “1/1/2021” and re-deposit or cash it a full year later without arousing any level of suspicion.

Using all four digits of the year when signing is an easy step to avoid fraudsters from easily manipulating your financial documents. Protect yourself by taking the extra second to write “2020” and avoid trouble down the road.

Top Four New Year’s Resolutions for Consumers for 2020

Pennsylvania Secretary of Banking and Securities Robin L. Wiessmann is offering four resolutions to help consumers protect and grow their money in 2020.

“Working towards achieving lifelong financial independence is a great New Year’s resolution for all Pennsylvanians,” said Secretary Wiessmann. “My colleagues and I offer you these four tips to help you make -- and keep -- your financial resolutions for 2020.”

The department encourages consumers to consider the following four New Year’s resolutions for 2020:

1. **Protect yourself from scammers.** Your bank will not call you asking you to verify your account information and be wary of anyone claiming you owe a penalty or fine that can be paid by gift cards. Understand the risks of some of the most prevalent scams and how you can protect yourself.

2. **Freeze your credit.** Protect yourself from certain types of ID theft by freezing your credit for free. Under a new federal law, consumers are entitled to free credit freezes from the three main credit monitoring agencies, TransUnion, Experian, and Equifax. Learn more from our press release.

3. **Become a savvy investor.** Protect your savings by knowing the signs of investment fraud. Offers of “guaranteed returns” or “no risk” investments should raise red flags about what type of investment you are making. Learn more about the top investor threats in 2020 by clicking here.

4. **Prevent Elder Financial Exploitation.** Protect your loved ones by learning the “red flags” of elder financial abuse and how to report this crime from the Elder Financial Abuse Prevention Guide.

“Every year, I urge Pennsylvanians to use three simple tools to help them stick to their New Year’s resolutions,” said Wiessmann. “First, learn how to protect your money; second, connect with the people and organizations building a network of protection across our commonwealth; and, third, call 1.800.PA.BANKS with questions or complaints about financial transactions, companies, or products.”
Strategies to Help Pennsylvanians Protect Themselves Online and on the Phone

Know how to protect yourself online or on the phone:

- **Verify a charity is legitimate.** Always research charitable contributions by visiting www.charities.pa.gov.
- **Never follow links in unsolicited emails.** Check that any emails you receive are from a correct email address.
- **Type the website directly into your browser.** Pay attention to your spelling and double check that it is a U.S. domain – like dot-com, rather than an international domain – before entering any sensitive information.
- **Be wary of any transaction involving checks.** Never send anything via Western Union or prepaid cards.
- **Legitimate calls will not ask you to “verify your information.”** The Social Security Administration and/or any government agency will not demand immediate form of payment.
- **When in doubt, hang up.** Never provide credit card info as part of an unsolicited phone call and think twice if you’re being pressured to donate “right now.”

Know the “red flags” of scams and fraud and who to contact if you believe you are a victim. It’s always a good idea to stop and ask yourself a few questions:

- **Has someone contacted you unexpectedly?** If you weren’t expecting a phone call or didn’t initiate the contact, it should be a red flag.
- **Have they promised you something?** If they’re offering you something that seems too good to be true, it’s a red flag.
- **Have they asked you to do something?** Are they asking you for money or account information? If you didn’t initiate the conversation, don’t provide it.

Learn more about scams at: www.pacast.com/m?p=17377.

New Online Investment Tool

**Investment Connection** is a tool that employs an online proposal portal and in-person events to allow community-based organizations to present projects that are likely Community Reinvestment Act (CRA)-eligible to financial institutions and other funders (foundations, CDFIs, and government entities). The projects and programs focus on low- and moderate-income, distressed, and underserved communities.

**Investment Connection will be conducting events in Erie**

**April 9, 2020:** Orientation and CRA Training
**June 11, 2020:** Proposal Presentation

Financial institutions and other funders that are interested should contact icleveland@clev.frb.org. More information is available on the Federal Reserve Bank of Cleveland website.
On January 15, 2020, Secretary Robin L. Wiessmann announced ‘Investing in Women,’ an initiative aimed at providing women with important information about banking, credit, saving and investing, while offering practical resources to navigate their finances. The secretary was joined at a Capitol news conference by Julie Bancroft, Chief Public Affairs Officer of the Pennsylvania Coalition Against Domestic Violence (PCADV).

“Through strategic partnerships, the goal of ‘Investing in Women’ is to evaluate investment habits, stereotypes and obstacles for women and reduce the gender gap through education, awareness and research,” said Secretary Wiessmann. “By presenting fundamental concepts about the importance of financial capability and the unique financial challenges facing women, we encourage women in Pennsylvania, stakeholders, and partners to get involved.”

‘Investing in Women’ will have three important elements:

- Financial education presentations across the state on common financial challenges for women including credit, investing and saving for retirement.
- A studying of the financial capability of women to hear directly about the tools, resources, and skills they need to better prepare for any financial situation.
- Financial capability forum in May to bring together experts from the financial field to share what individuals can do to take control of their finances.

‘Investing in Women’ will highlight strategies that address barriers women face to more confidently manage their finances. Women are more likely to take time away from work to raise children or to be the caregiver of other family members. This means fewer years with income to put into a retirement savings plan. Additionally, women also live longer than men, but have lower average salaries and wages, making 80 cents on the dollar compared to men, which means lower lifetime earnings.

“We're excited to be a partner in Secretary Wiessmann’s new ‘Investing in Women’ initiative,” said Julie Bancroft, PCADV. “Feeling trapped by a lack of financial resources, or access to them, is a reality for victims of domestic violence as financial abuse occurs in 99 percent of abusive situations. Economic empowerment initiatives, like ‘Investing in Women,’ help survivors build knowledge and resources, leading to long-term financial independence and safety.”

Investment Advisory Recommendations of Non-Conventional Securities

The securities regulatory industry continues to note investment advisory recommendations of non-conventional securities. These were historically commissionable products as alternatives to fixed-income and equity securities. Whether the noted recommendations can be attributed to economic or legislative changes, or just a perceived attractiveness by clients, there are important considerations that should be made by advisers prior to such recommendations.

Every adviser is a fiduciary and must act primarily for the benefit of its clients and must observe high standards of commercial honor and just and equitable principals of trade in the conduct of their business. To effectively achieve this standard, there are certain questions that the adviser should ensure it meticulously considers.

- **Has the adviser conducted due diligence regarding the features of the product?** Although it may be appropriate for an adviser to rely on some of the issuer’s representations; it is not appropriate to rely completely on those disclosures.

- **Has the adviser performed a reasonable-basis suitability analysis?** In order to conduct appropriate analysis, the adviser must obtain a foundational understanding of the product and its underlying features.

- **Has the adviser performed a client-specific suitability analysis in connection with recommendations of these products?** As a fiduciary, an investment adviser must have reasonable grounds to believe that the recommendation it is making is suitable for the client based on information it obtains about the client.

- **Has the adviser provided the client with a balanced disclosure of the risks and rewards associated with these products?** Although it is expected that the rewards associated with a product will be highlighted, it is necessary to balance the provision of that information with a clear presentation of the risks.

- **Has the adviser implemented appropriate internal controls?** Every adviser must establish and maintain written procedures and a system for applying and enforcing those written procedures, which are reasonably designed to achieve compliance and detect and prevent violations.

- **Has the adviser trained registered persons regarding the features, risks, and suitability of these products?** Although a thorough understanding of the product may be gained by the persons conducting the initial due diligence, the adviser must ensure that all registered persons receive training in these areas, as well.

- **Has the adviser made and kept true, accurate and current records detailing and exhibiting that each of the above obligations have been met?** Making and keeping such records is at the heart of the requirements imposed upon registrants in this space; for if it is not recorded, how can the adviser exhibit that it occurred?

Despite the attractiveness of these securities, each is often countered by unique and complex features that should be reviewed and rereviewed by advisers, and then disclosed and redisclosed to clients. Establishing a strong compliance culture in the above-described areas will not only effectively protect advisory clients, but the necessary integrity of the fiduciary.
The department protects consumers through the following laws:

- Check Casher Licensing Act
- Consumer Credit Code
- Consumer Discount Company Act
- Debt Management Services Act
- Money Transmitter Act
- Mortgage Licensing Act
- Pawnbrokers Licensing Act
- Pennsylvania Securities Act of 1972

In the fourth quarter of 2019, the Department of Banking and Securities issued 10 enforcement orders, with fines and assessments totaling $255,500. To see details on these enforcements, go to dobs.pa.gov/enforcement.

To file a complaint about financial products or services, please call 1.800.PA.BANKS (800.600.0007) or online.

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**Research Region**

**What Goes Into Your Credit Score?**

Why is a credit score important?
Your credit score will determine how much interest you pay on loans, your insurance rates, and even whether you will be hired or accepted into an apartment. A low score means that you will pay more; a high score means you will pay less.

How do you get your credit score?
You can get your credit score from Experian, Equifax, or TransUnion, and you will typically pay a small fee. However, some banks, credit unions, and credit card companies offer free credit scores.

How to improve your credit score?
To improve your score, first correct any errors with the credit reporting company, and then work to make sure to pay your bills on time and pay down your debt. If you need credit counseling, check with your bank or credit union, or contact the National Foundation for Credit Counseling (NFCC) at 800.388.2227 or nfcc.org.

For more information on credit, download our Credit Reports and Scores publication.