PROTECT BORROWERS

MEMORANDUM

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TO: Interested Parties

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RE: **Creating Offices of Supervision Policy in State Financial Regulators**

This memorandum proposes that states should create offices of supervision policy within their existing financial regulators. This is a cost effective way to improve these agencies' regulatory reach, ensure their regulated institutions' compliance with state and federal consumer financial laws, and keep up with the surge in industry use of technology and artificial intelligence.

As of August 2026, the federal agency charged with supervising banks and other financial institutions that offer consumer products and services, the Consumer Financial Protection Bureau, is barely standing following an all-out attack by the Trump administration.[1] As a result, there is an enormous gap in the federal oversight of financial markets that greatly heightens risks to consumers. Other federal bank and credit union regulators have scaled back their supervision and enforcement efforts of for-profit institutions, and are instead turning their attention to community development financial institutions,[2] or focusing on decreasing services provided to immigrant communities.[3] The worsening of the economy, with inflation at record highs,[4] and

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[1] Chuck Bell, *CFPB on "life support" one year after it was targeted for shutdown*, Consumer Reports (Feb. 9, 2026), https://advocacy.consumerreports.org/press_release/cfpb-on-life-support-one-year-after-it-was-targeted-for-shutdown/.

[2] *CFPB Opens Review of Community Development Lenders* (May 26, 2026), https://www.pymnts.com/legal/2026/cfpb-investigates-community-development-loan-fund-lenders/.

[3] Richard Escobedo, *Bessent says Trump admin is cracking down on undocumented immigrants' use of U.S. financial system*, CBS News (Aug. 6, 2026), https://www.cbsnews.com/news/bessent-undocumented-immigrants-u-s-financial-system/.

[4] *United States Inflation Rate*, Trading Economics, https://tradingeconomics.com/united-states/inflation-cpi (last visited Aug. 26, 2026).

national household debt approaching 20 trillion dollars,[5] are leaving American consumers with few options for making ends meet. Companies offering new types of loans—such as Buy Now, Pay Later loans, payroll advance, and merchant cash advances—are flooding the marketplace[6] and targeting individuals and small businesses whose incomes are insufficient to keep up with the rising cost of living. Marketed as a solution to the affordability crisis, these companies have free rein to trap consumers in debt while escaping federal oversight.

States and localities are responding to these developments by updating their laws and rules, and expanding their enforcement capabilities.[7] At times, the Trump Administration has sought to pre-empt states from enacting new consumer protections in response to the federal deregulatory scheme.[8] State regulators' existing authorities and powers provide an important avenue for addressing consumer stress and filling the regulatory gap left by the federal government. For many state financial regulators, revising their workforce competencies is just as important as modernizing their existing laws. One such revision is the adoption of an office of supervision policy.

First, this memo provides background on supervision authority and how states currently employ it. Second, it explains why states should invest in supervision policy, including how an office of supervision policy should be staffed, structured, and funded. Finally, it discusses the various substantive functions that would be performed by such an office.

I. Supervision Program Background

The United States has a long history of supervisory authority, although supervision can take many forms and is exercised by different government agencies. As described below, states already have an enormous amount of supervisory authority, but have traditionally deployed it in limited ways.

A. Supervision Is the Broad Authority to Ensure Compliance With Applicable Law

Regardless of the form it takes, supervisory authority is essentially the ability to request and review data from regulated entities without a subpoena to ensure compliance with applicable laws. Within the context of financial regulation, supervision involves monitoring and examining—an "exam" is an audit for compliance—regulated financial institutions to help ensure the institution's safety and soundness—assessing the institutions' financial wellbeing and

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[5] *Household Debt and Credit Report: Q2 2026*, Center for Microeconomic Data, Federal Reserve Bank of New York, https://www.newyorkfed.org/microeconomics/hhdc.

[6] Pamela N. Danziger, *Why the Risks of Buy Now, Pay Later May Outweigh the Rewards*, Forbes (Nov. 24, 2025), https://www.forbes.com/sites/pamdanziger/2025/11/24/the-risks-of-buy-now-pay-later-may-outweigh-the-rewards/.

[7] Burcat, Foster, Raman, & Welch, *Consumer Financial Enforcement: States to Watch in 2026*, JD Supra (Mar. 16, 2026), https://www.jdsupra.com/legalnews/consumer-financial-enforcement-states-4383950/.

[8] Zachary Weinstein, *CFPB Issues Rule that FCRA Preempts STate Measures Barring Medical Debt*, Consumer Finance Insights (Nov. 2, 2025), https://www.consumerfinanceinsights.com/2025/11/02/cfpb-issues-rule-that-fcra-preempts-state-measures-barring-medical-debt/.

stability, so-called “prudential” regulation—and its compliance with consumer protection laws and rules, referred to as market conduct or consumer protection regulation.

Supervision for compliance with consumer financial laws is simply “behind the scenes” law enforcement and should be biased towards consumer protection for it to serve its original purpose. Supervisory events that uncover violations will typically result in “corrective actions” that the institutions are asked to take. For instance, institutions might be asked to change their practices to comply with the law, and if consumers are harmed, institutions might be asked to provide restitution to consumers. While it appears supervisory agencies also have the power to assess fines payable to the agency, most do not because they consider supervision to be a non-punitive, collaborative intervention. Fines are usually reserved for the agencies’ public enforcement actions, but an agency might decide that certain conduct warrants the issuance of fines even within the supervisory context. Since most examination findings are designated as “Confidential Supervisory Information” (CSI), this cloak of confidentiality gives financial institutions adequate incentive to participate in the supervisory process and to implement recommended corrective actions rather than face public enforcement and risk reputational harm.

Agency supervision can prevent consumer harm when it incorporates effective mechanisms for staying abreast of consumer risks, and when it remains nimble and responds quickly to spikes in complaints and other indicia of noncompliance.

B. Both the Federal Government and States States Have Supervisory Authority, Although They Have Historically Exercised It in Different Ways

The United States has a dual banking system with state-chartered banks operating alongside federally chartered banks.[9] State level bank supervision predates federal supervision. Initially, state charters included capital requirements and reporting obligations designed to oversee the stability of banking institutions. Formal state bank supervision started in the 1830s with the creation of oversight offices in New York, Michigan and Ohio.[10] In 1863, Congress passed the National Currency Act,[11] establishing the Office of the Comptroller of the Currency (OCC)[12], to unify U.S. currency and to charter and regulate nationally chartered banks. Subsequently, the Federal Reserve Act of 1913 shifted the OCC’s role from managing currency to primarily conducting bank examinations and regulation of national banks.[13]

State regulators jointly supervise state-chartered banks with the Federal Deposit Insurance Corporation (FDIC) or with the Federal Reserve, depending on whether the bank is a member of

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[9] Julie L. Stackhouse, *Why America's Dual Banking System Matters*, On the Economy Blog, Federal Reserve Bank of St. Louis (Sept. 18, 2017), https://www.stlouisfed.org/on-the-economy/2017/september/americas-dual-banking-system-matters.

[10] Sean Vanatta, *Theorizing Bank Supervision Through Its History*, Oxford Business Law Blog (Mar. 11, 2021), https://blogs.law.ox.ac.uk/business-law-blog/blog/2021/03/theorizing-bank-supervision-through-its-history.

[11] 12 Stat. 665. 37th Congress, 3d Session, Ch. 58.

[12] The renamed the National Banking Act in 1864. 13 Stat. 99. 38th Congress, 1st Session, Ch. 106.

[13] *About the Fed: Federal Reserve Act*, Board of Governors of the Federal Reserve System, https://www.federalreserve.gov/aboutthefed/fract.htm (last visited Aug. 26, 2026).

the Federal Reserve System.[14] Most state banks, however, are not members of the Federal Reserve System and are therefore supervised jointly by their state regulator and the FDIC.[15] Joint supervision might involve alternating or joint examinations, reporting requirements, and coordination of enforcement actions. Conversely, state regulators have virtually sole supervisory authority over non-bank entities.

Following the 2008 financial crisis, the Dodd Frank Act created the Consumer Financial Protection Bureau (CFPB),[16] assigning it supervisory, law enforcement, and regulatory powers over large banks, credit unions, and other non-depository financial institutions.[17] Whereas other federal and state bank regulators retain supervisory authority with respect to prudential regulation, the CFPB's sole purpose is to protect consumers in the financial marketplace and to prevent the types of predatory and risky behavior that caused so many Americans to lose their homes, their savings, and their jobs, while the largest banks got bailed out with taxpayer dollars. It does this by ensuring compliance with the consumer financial laws meant to protect consumers from predatory or discriminatory lending, debt collection, and other financial harms.

All states' financial regulators have similar supervisory authority, which is typically provided as part of states' bank chartering or non-bank licensing regimes, such as licenses for installment lenders, money transmitters, loan servicers, or debt collectors. These licenses enacting statutes typically provide explicit examination authority, as well as empowering the regulator to compel annual or special reports as necessary for the proper supervision of the industry. Indeed, for states that issue licenses for regulated conduct, supervision is not merely an authority the regulator possesses, but is also a requirement the state legislature places on the regulator to ensure the state's residents are treated lawfully. In addition to this licensee- or industry-specific supervisory authority, some states have plenary supervisory authority over entities offering any consumer financial product or service to their residents or that are located within their borders.

C. State-Level Supervision Is Generally Limited to Periodic Examinations of Regulated Entities

Despite having a breadth of options within the supervisory toolkit, discussed in section III.C below, state supervision is generally limited to periodic examinations of regulated institutions. These exams are typically conducted onsite at a company with advanced notice, and involve a thorough review of the company's financial records, policies, and procedures, and may even include a review of a random sampling of customer service call recordings. An individual exam may be thorough, but exams are generally backwards looking, do not allow for real-time rapid responses, and are extremely resource intensive.

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[14] *About Banking Supervision*, Board of Governors of the Federal Reserve System, https://www.federalreserve.gov/supervisionreg/understanding-federal-reserve-supervision.htm (last visited Aug. 26, 2026).
[15] State credit unions are jointly supervised by their state regulator and the National Credit Union Administration.
[16] Report, *Building the CFPB*, Consumer Financial Protection Bureau (July 18, 2011), https://www.consumerfinance.gov/data-research/research-reports/building-the-cfpb/.
[17] The CFPB has oversight of depository institutions with over ten billion dollars in assets and of non-depository financial institutions of varying sizes depending on the market/product. *See* 12 USC §§ 5514, 5515.

Most state agencies that conduct examinations would argue that they lack sufficient resources to complete the work with which they are charged, much less the work their leadership would like to prioritize. Safety and soundness exams typically happen on a schedule, but evaluating compliance with consumer financial protection laws is not always part of the state examination. Examiners are trained to review policies and procedures and review consumer files and interactions and they are asked to complete their reviews within a few weeks, or a couple of months in some cases. This time frame does not allow for deep dives, or prolonged investigations. Examiners need to be able to complete their reviews on a schedule so they can timely begin the next exam on the calendar. For the most part, examiners are deployed to conduct examinations pursuant to exam calendars that are often static and do not leave room to deviate from the issues that were included in their initial information requests.

In agencies where the examination team, and the work, is decentralized, much of the priority-setting in consumer financial protection supervision is left to individual offices or regions to do, and leadership's priorities can take a backseat to staff preference.

In practice, as a result of these bandwidth constraints and the decentralized nature of most supervision, state-regulated non-bank entities can go years with no examination, and when exams do occur, they are generally not as probing as state statute would permit. These exams run the risk of focusing on lower-hanging fruit and superficial compliance, leaving more nuanced or complex issues unaddressed. Where states do prioritize issues affecting large populations or of particular concern, "prioritization" too often means being added to the agenda for the next exam, which may not occur for months or years. This approach fails to offer real-time solutions or to catch unlawful conduct and consumer harm before it takes root.

Further, despite having the authority to request from their supervised entities any information at any time and for any reason, because of limited resources, states have historically been unlikely to seek real-time information, whether for general monitoring or for matters of particular concern.

As a result, state supervisory authority has essentially been distilled from broad, plenary authority to the blunt application of two tools: periodic exams and annual reports.

II. States Should Create Offices of Supervision Policy

A centralized supervision policy unit, composed of attorneys and non-attorneys with complementary skillsets and housed in the supervision department, would help state agencies maximize their authority in an efficient manner. It can provide the glue needed to ensure consistency across offices/regions, with policy staff conducting research on market trends and developments in the law—identifying risks posed by the use of technology and artificial intelligence across regulated entities—and can be funded through industry assessments or other non-appropriations.

A. Staffing Should Include Attorneys and Non-attorneys to Collaborate With Examiners

A supervision policy office should have a number of seasoned attorneys who may be former litigators or experts in financial consumer protection laws, but also junior attorneys who are adequately supervised and trained and can help increase the capacity of the office while keeping the budget modest.

The role attorneys can play in an examination was described above in more detail, but an impactful supervision policy office today should also include technologists, staff with deep technical expertise on issues such as product design, artificial intelligence, consumer behavior, and more. These staff members will complement the examiners' regulatory expertise, not replace it.

Supervision policy staff with the relevant skill set can help examiners review a company's compliance by conducting product testing, recreating credit decisioning models, and testing systems and processes. Agencies that continue to rely primarily on document and file reviews will likely fail to detect violations caused by sophisticated, black box models. Supervision policy experts can devise questionnaires and examiner checklists that investigate product design, the use of dark patterns, and fair lending models. They can push back when companies use their technology as an excuse for not responding to examination requests.

Policy staff can also expand the entire agency's supervision bandwidth. Whereas currently supervision is contained to sequential examinations and oversight to ensure required information is reported annually, non-examiner supervision staff can conduct off-cycle activities, send issue-specific information requests in parallel to cyclical exams, and can dedicate time to delving into the data that the agency receives and incorporate their findings into the agency's supervision and policy-setting work.

The increasing use of automation, the use of dark patterns to influence consumer behavior, and the expansive use of artificial intelligence require an examination team that can properly detect and address the risks these new technologies and automation pose to consumers, in real time and drawing from diverse disciplines.

B. Supervision Policy Should Coordinate With, but Be Independent From, Existing Examination Staff

To be effective, supervision policy needs to be a complement to the supervision examination team and share the same chain of command. Supervision policy works best when it is situated in a stand-alone unit, reporting to supervision leadership. The supervision policy staff should not be subordinate to the examination staff. That said, during the examination process itself, supervision policy staff should let the examiners lead, playing an advisory role, and assisting as necessary. In an agency with multiple enforcement tools, supervision policy staff should regularly interact with other agency counsel such as enforcement attorneys, general counsel's office, and regulatory attorneys. Regular coordination across agency legal staff will support consistency of legal interpretation across the multiple teams, fostering uniformity in the treatment of regulated entities and diminishing the risk of legal challenges.

Because their participation is ad hoc, non-examiner supervision staff members can be scheduled in several exams at a time, unless the agency anticipates that, for example, the technologist skillset is paramount to exam completion because of the type of examination. As an example, an exam of a bank's credit card model built with artificial intelligence is likely to require more highly technical staff dedicated to the examination than an exam of a review of Home Mortgage Disclosure Act compliance,[18] which may necessitate staff who are detail oriented and can carefully review large volumes of documents. Alternatively, supervision policy staff can maintain a lighter examination docket to allow them to simultaneously engage in other supervision activities, such as requesting and reviewing information from regulated entities or engaging in more general market monitoring.

C. Supervision Policy Does Not Require Appropriations, and Can Be Efficiently Deployed

State agencies should be able to fully find supervision policy staff through industry assessments. From the outset, bank examiners were compensated directly by the banks they supervised. Banks were expected to subsidize examination work to insulate staff from budget fights in Congress. The examiner jobs were difficult and lonely, with a lot of travel time that was not paid for. To retain examiners, federal regulators moved to paying them a salary instead. Many states operate in a similar manner: they charge assessments or fees to the banks and non-banks they supervise and/or license, and pay their examiners on a salary basis. This model is shared across federal and state regulators.

Agencies that are funded mostly by bank fees must build the cost of supervision policy into these fees. Supervision policy staff are necessary to tailor examiner reviews to the true risks to consumers and to level the playing field for financial institutions, reducing the unfair advantage noncompliant firms hold over those that comply with the law. Supervision policy staff can conduct "desk" reviews that do not require traveling to the institution's headquarters or other facilities. Staff can work on several exams or supervisory events at a time, giving the agency flexibility to remain responsive to emergent consumer risks while minimizing budget impact.

Having *some* supervision policy staffing is better than having none. Some states without dedicated funding can use their other than personnel services (OTPS) dollars to hire contract employees or consultants that can temporarily fill in the policy gap.

Hiring supervision policy staff is also likely easier than hiring supervisory examiners. Whereas examination is a specialized practice specific to financial regulation and therefore may require significant and specialized training, the attorneys, technologists, and other practitioners who may staff an office of supervision policy can be drawn from existing professional benches, with minimal additional specialized training required.

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[18] *About HMDA*, Consumer Financial Protection Bureau, https://www.consumerfinance.gov/data-research/hmda/ (last visited Aug. 26, 2026).

A supervision policy unit is cost effective and a good use of agency resources. Its work benefits the general public and it should be factored into the price of protecting consumers.

III. Supervision Policy Functions

Supervision policy can support ongoing oversight work while also expanding an agency's reach. The six functions discussed below are examples of concrete functions that an office of supervision policy could perform. Supervision policy staff can also weigh in on and inform agency priority setting and keep leadership's priorities at the forefront complementing the examiners' regulatory expertise.

A. Supervision Policy Staff Can Conduct a Review of the Agency's Legal Authority

Supervision policy staff should review the agency's legal authorities and its jurisdiction over financial institutions. Agencies that have been operating for decades often find that there are provisions in their authorizing statutes that have never been invoked. Staff should conduct a thorough review and inventory of all the legal authorities and powers the agency has to fulfill its mission. Only after inventorying all the legal authorities will it become clear if there are gaps in the agency's enforcement tools. Identifying these gaps will be important to understanding the compliance limitations and incentives, and devising an appropriate supervisory and enforcement strategy.

Another important function is for staff to review all agency-issued legal guidance and rulemakings to determine whether they are consumer-centric and whether updates are needed to remain current with the law and the goals of the agency.

B. Supervision Policy Staff Can Design a Supervision Prioritization Process to Maximize Oversight of Regulated Entities

Staff should first determine whether there is a schedule of mandatory examinations and what the frequency of exams must be, or whether the agency's authority is discretionary and it can set its own schedule of examinations. Supervision policy staff would design a process that allows for near-term planning but also retains some flexibility. For instance, a prioritization process that takes no more than a month, and results in a six-month calendar of exams, would ensure the agency is working with fairly recent data and can invest its resources in monitoring institutions for the highest risks to consumers.

Staff determine the data points and sources of information that will be considered in the prioritization process. These might include sources such as the CFPB's complaint database, the FTC's sentinel, the agency's own complaint intake, the Better Business Bureau, social media sites, etc. Quarterly filings and annual reports, as well as monitoring of news coverage, should all be considered as part of the prioritization process.

Once all the data sources have been reviewed, staff establish a tier risk by product type (e.g., deposit accounts, mortgage loans, etc.) and one that is institution-specific (depending on size, market growth, etc.) to produce a calendar of exams that takes into account agency resources and the highest risks to consumers.

C. Supervision Policy Staff Can Help Determine the Appropriate Supervisory Methodology to Use in a Given Instance

The type of supervisory event that gets scheduled also hinges on the resources available to the agency.

i) **Full Scope Exam**: the prioritization process should result in a schedule of exams for general compliance issues. These are either exams that are statutorily required or for which the agency has determined an exam is needed as a result of the exam prioritization process.

ii) **Limited Scope Exam**: this type of exam has a narrow focus, predetermined as a result of surveys, ad hoc data requests, or consumer complaints. For instance, the exam may focus on fees assessed by mortgage lenders and servicers, based on survey responses.

iii) **Surveys**: this instrument may be used to collect information on industry practices. For instance, the agency may survey mortgage lenders/licensees to understand the full spectrum and amount of fees consumers are assessed.

iv) **Ad Hoc Data Requests**: in order to continue to develop market intelligence, supervisory staff can formulate data requests and use the information gathered to offer public commentary on specific market trends.

v) **Rapid Response Protocol**: an agency may want to activate a rapid response protocol when an incident has a consumer impact. For instance, a hurricane that closes banks in a region would trigger a quick inquiry to understand the impact to consumers, how many branches are closed, how many ATMs are impacted, and what the bank is doing to address the situation and when they expect to begin services again.

vi) **Regular Monitoring**: this work should be done on an ongoing basis and it involves reviewing quarterly financial statements and filings, institutions' filings with the agency, etc.

Whereas states already regularly engage in supervisory events i and ii with their existing examiners, few have the staff on hand with the bandwidth, expertise, and mandate to engage in activities iii though vi. These non-exam tools can be used in short periods of time, in a limited or broad fashion, and can be conducted from desks in the office rather than via costly onsite visits. Adopting a supervisory methodology and strategy that incorporates each of these tools therefore allows for flexible, efficient, and responsive supervision of regulated entities.

In sum, supervision policy staff can be creative in devising different types of supervisory interventions that are commensurate with the agency resources and still impactful.

D. *Supervision Policy Staff Can Develop Legal Theories to Inform and Craft Scope and Substance of Examinations*

There are a myriad of laws and rules that may govern industry practices, and that apply to institutions offering consumer financial products or services. Examiners draft information requests ahead of the examinations, and utilize tools and resources that simplify their review of specific rules. But when reviewing for compliance with Unfair, Deceptive, Abusive Acts and Practices (UDAAP) laws, for example, the analysis may not be as straightforward. Examiners may opt to forgo a UDAAP review when they can evaluate the institution's conduct using a simpler-to-apply rule. But this analysis will be incomplete, and could ignore practices that may cause consumer harm. Supervision policy attorneys can conduct the necessary UDAAP analysis, and can help train examiners on the legal theories and help examiners determine what facts on the ground may be indicators of illegality worth probing. Attorneys can provide scenarios that assist in the identification of UDAAP violations and can draft the legal memos that weigh the facts against the law to support the issuance of violations.

In particular, the concepts of unfairness, abusiveness, or unconscionability will require legal research, and an understanding of how the institutions operate. Examiners and supervision policy attorneys can partner to conduct a thorough analysis that is consistent with legal precedent, both agency and caselaw, and that gives uniformity to the agency's interpretation of the law.

Supervision policy staff provide technical expertise to the examiners during the examination and following its conclusion, when formulating legal conclusions on the institution's compliance. They can develop expertise in specific markets or industries, but their core strength is in ensuring consistency in legal interpretation and application across the agency's supervisory work.

In addition, they analyze court decisions for evolving legal interpretation, and prepare legal memos that support violations or citations. Supervision policy attorneys can respond to legal challenges from the regulated entities, who are likely to have in-house counsel or outside legal representation during the examination process. In crafting industry regulations, supervision policy attorneys would be an asset since they are intimately familiar with the examination process and can help design rules that are sensible, enforceable, and cognizant of how financial institutions operate.

Supervision policy staff can also update examination instructions and manuals that provide guidance and can be used to train examiners who might be asked to supervise new markets and products.

E. *Supervision Policy Staff Can Develop and Issue Communications, Guidance, and Supervisory Highlights*

Critically, there is tremendous benefit in sharing supervisory findings with the regulated industries, as well as with the public. While most examination findings are strictly confidential, publicizing anonymized findings, without disclosing the name of the entity in question, can serve to deter other institutions from engaging in the same behavior, alert industry and consumer attorneys to the agency's legal conclusions, and inform the general public about potential risks.

There is no specific authority or requirement in the law for the CFPB to publish supervisory highlights, but these regular publications were an important component of the work. The CFPB communicated expectations of the financial institutions and also the types of corrective actions they recommended to them. Oftentimes, these publications also shone light on the priority areas for the division; for instance, by announcing that the bureau would focus its work in examining overdraft fees in the banking industry, several banks engaged in voluntary remediation efforts and shared those with the CFPB.

In addition to these publications, a state agency might seek to publish regulatory guidance such as circulars or bulletins. These communications serve to share the agency's interpretation of the law and clarify compliance expectations. The CFPB's publications have been subject to legal scrutiny and have been challenged in court, unlike the supervisory highlights publications that describe the agency's past supervisory approach.

Supervising for consumer law compliance will vary depending on the state, as state laws differ in scope and impact, but the approach to the work as described here is applicable regardless of the agency.

F. Supervision Policy Staff Can Develop and Maintain Partnerships and Relationships

Supervision policy staff are key to developing close partnerships with diverse stakeholders, in particular those who work with low-income communities, immigrant based organizations, the elderly, and other vulnerable groups. Attorneys can connect with the legal services community, and with local elected officials who are often the first to hear about predatory behavior or consumer abuse. Examination staff is regularly in touch with the supervised institutions and consequently, these companies often have more access to agency staff than the consumers who are supposed to benefit from the agency's work. The inclusion of supervision policy attorneys can help balance the agency access issues, and expand the referral sources outside of the agency's complaint intake mechanisms.

CONCLUSION

An office of supervision policy is a smart and necessary investment for state regulators facing an increase in enforcement responsibilities resulting from the federal government's abdication of its oversight functions, and a deluge of consumer financial products and services built with technologies carrying new compliance risks. Attorneys and technologists can add much-needed capacity to state examination teams that see their mandates grow without the corresponding resources to do the additional work. By keeping up with the use of technology and artificial intelligence, and the legal ramifications of a fractured financial regulatory system, state regulators can help prevent consumer harm born out of today's federal deregulatory environment and an affordability crisis that leaves consumers vulnerable to predatory actors. In doing so, they might also be preventing the next financial crisis.