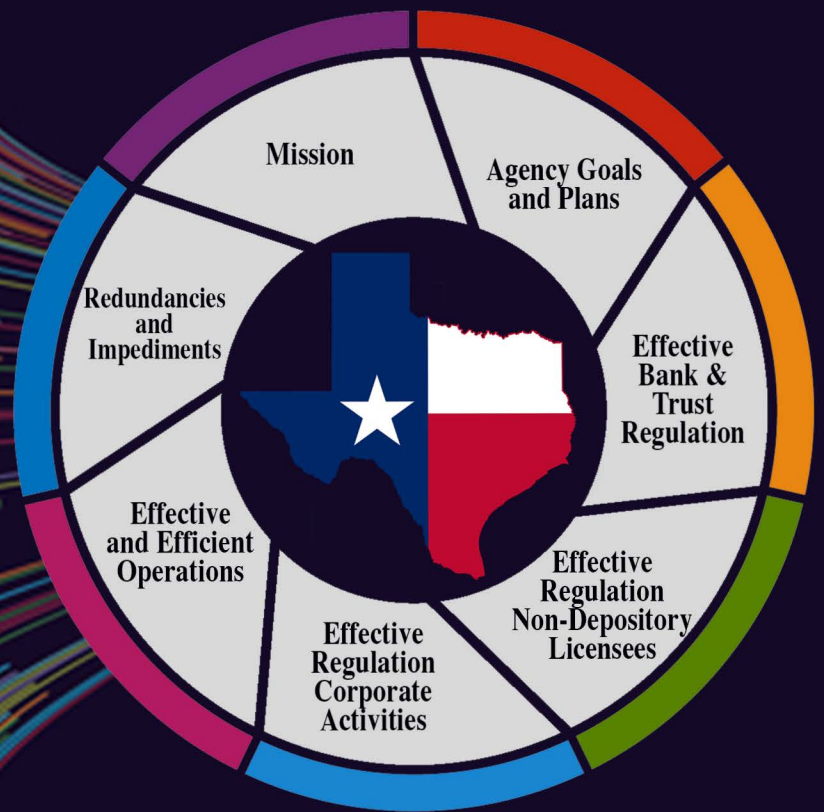


# Strategic Plan



*Fiscal Years 2021 to 2025*



*Texas Department of Banking*

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# Agency Strategic Plan

## Fiscal Years 2021 to 2025

By

## Texas Department of Banking

Finance Commission of Texas		
Commission Member	Dates of Term	Hometown
Phillip A. Holt, Chair	Feb 23, 2016 to Feb 1, 2022	Dallas
Robin Armstrong, M.D.	April 2, 2019 to Feb 1, 2022	Friendswood
Robert (Bob) Borochoff	Feb 22, 2016 to Feb 1, 2022	Houston
Hector J. Cerna	Dec 16, 2015 to Feb 1, 2026	Eagle Pass
Margaret (Molly) Curl	Feb 23, 2016 to Feb 1, 2022	Richardson
Larry Long	April 6, 2020 to Feb 1, 2026	Dallas
William M. (Will) Lucas	Sept 27, 2011 to Feb 1, 2024	Center
George (Cliff) McCauley	June 28, 2018 to Feb 1, 2024	San Antonio
Sharon McCormick	April 20, 2020 to Feb 1, 2026	Frisco
Vince E. Puente, Sr.	Aug 25, 2016 to Feb 1, 2024	Fort Worth
Laura Nassri Warren	April 20, 2020 to Feb 1, 2026	Palmhurst

**Submitted June 1, 2020**

/s/ Charles G. Cooper

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Charles G. Cooper, Banking Commissioner

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### Department of Banking Mission

**The mission of the Department of Banking is to ensure Texas has a safe, sound, and competitive financial services system.**

### Agency Goals and Action Plans

The Department's mission is accomplished primarily by the examination of the chartered and licensed entities under our supervision. To meet our goals and fulfill our mission, the Department will abide by these core values and operating principles:

- Adhere to the highest ethical and professional standards.
- Be statutorily accountable and responsible.
- Anticipate and respond to a dynamic environment.
- Identify and promote innovative practices.
- Operate efficiently and maintain consistent and prudent regulatory standards.
- Communicate effectively.
- Foster teamwork while encouraging individual excellence and career development.
- Provide a desirable work environment that values cultural and individual differences.
- Seek input from and be responsive to the public, our supervised entities, and State leadership.
- Adhere to the principle of "Tough but Fair" regulatory oversight.

### Goal: Effective Bank and Trust Regulation

Ensure timely, fair, and effective supervision and regulation of the financial institutions under our jurisdiction. The regulatory process promotes a stable banking and financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, federal banking regulators, and other government agencies.

### Actions Required to Achieve Goal

- Conduct commercial bank, trust company, foreign bank agency, and foreign representative office examinations, in cooperation with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Bank (FRB), while conforming with the Department's examination priority schedule and in a thorough, accurate, and timely manner.
- Maintain contact with, and monitor the condition of, regulated entities between examinations through processes which include an off-site monitoring program. Continue to improve off-site monitoring processes by augmenting our technology platforms.
- Research and report on changing industry, statutory, and economic conditions, especially with the effects from Coronavirus Disease 2019 (COVID-19) and develop appropriate supervisory strategies to adapt to these changes.
- React timely and appropriately when needed to implement disaster preparedness plans, evaluating, and adjusting to changing situations as needed to continue to provide effective oversight of regulated entities.



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- Monitor the industry status and engage in regular communication with federal regulators (FDIC and FRB) and the Conference of State Bank Supervisors (CSBS).
- Promote cybersecurity awareness and best practices among our regulated entities.
- Maintain a cybersecurity tracking system for institutions that report cybersecurity incidents as required by the new notification rules for state-chartered banks and trust companies effective January 2, 2020.
- Ensure financial institutions are prepared to implement the Financial Accounting Standards Board's Current Expected Credit Losses (CECL) accounting methodology and transition away from use of the London Inter-Bank Offered Rate (LIBOR).
- Identify and investigate fraudulent activities.
- Ensure correction-oriented enforcement actions are taken, as appropriate, against regulated entities that demonstrate higher than normal weakness or risk, including consideration of noncompliance with laws, regulations, and policies.
- Maintain sufficient regulatory resources in the event of industry deterioration or systemic industry problems, the reallocation of federal regulatory resources away from Texas, a significant increase in the regulated asset base or a substantial loss of examiners.
- Optimize efficiencies in the examination process utilizing electronic examination tools and the Department's secure electronic data exchange portal (DEX) to share information with regulated entities and federal counterparts.
- Reduce dependencies on stale technologies through the adoption of cloud offerings, where appropriate, and by ensuring current technologies are in use to support regulatory obligations and operations.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- Maintain accreditation status by CSBS.

### Goals and Action Items Support Statewide Objectives

#### 1. **Accountable to tax and fee payers of Texas.**

##### **Consumers**

- Ensure Texans have access to safe and sound financial services providers that comply with applicable laws and regulations.
- Provide consumers numerous avenues for filing complaints on entities regulated by the Department.
- Protect consumers by maintaining the Closed Account Notification System which provides depository institutions with a method to report compromised accounts closed due to fraud or identity theft to check verification entities.
- Ensure adherence to self-leveling, self-funding and Self-Directed, Semi-Independent (SDSI) statutory requirements.

##### **Regulated Entities**

- Provide useful and timely information on the website.
- Issue regulatory and supervisory guidance as appropriate and make these available through the

## Agency Goals and Action Plans

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Department's Law and Guidance Manual.

- Communicate with industry stakeholders regarding important issues.
- Seek input on the annual budget through a public hearing.
- Provide employees of regulated entities a secure avenue to report suspicious activity, fraud, or abuse to the Department.
- Ensure that the cost of regulation is reasonable and equitable for all regulated entities.
- Operate efficiently and maintain consistent and prudent regulatory standards.

### **2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including the elimination of redundant and non-core functions.**

- Continue to coordinate examinations and other supervisory activities and produce joint regulatory responses when applicable to reduce duplicative responses to financial institutions.
- Maintain and upgrade DEX, which is used by regulated entities and examination staff to improve the flow of information.
- Adopt and maintain appropriate technologies to support efficient, effective, and secure operations.
- Leverage technology to conduct streamlined, risk-focused examinations to target areas of concern and reduce the amount of time on-site at financial institutions.
- Review examination procedures on a continual basis, and develop and refine procedures to address industry trends when necessary.
- Allow flexible work schedules to reduce on-site examination time, travel burden, and minimize associated expenses.
- Perform off-site monitoring to maintain awareness of, and contact with, regulated entities between on-site examinations.

### **3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.**

- Meet or exceed performance measures related to banks, trust companies, and foreign bank agencies.
- Explore ways to further automate examination and related administrative processes.
- Monitor legislative and emerging issues as well as their impact on regulated entities.
- Perform continual reviews of examination procedures and policies.
- Review regulatory and supervisory guidance regularly to ensure they are current and relevant.
- Provide ongoing formal and informal training opportunities for examination staff.

### **4. Attentive to providing excellent customer service.**

- Provide professional and timely resolutions to consumer complaints.
- Seek feedback from consumers upon closure of their complaint against a regulated entity.



## Agency Goals and Action Plans

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- Seek feedback from regulated entities at the conclusion of each examination and through the annual *Rate the Department Survey*.
- Adhere to policies regarding timely dissemination of reports of examinations.
- Notify regulated entities of new or revised rules, regulations, or policies in a timely manner.
- Participate in outreach events dedicated to informing and educating bankers and trust administrators.
- Ensure management of banks and trust companies are well-informed about the progress of examinations and findings.

### 5. Transparent such that agency actions can be understood by any Texan.

- Ensure the Department's website contains the following information:
  - Proposed rule changes written in plain language and instructions on how to submit comments;
  - Enforcement actions and orders;
  - Examination procedures;
  - Corporate applications, notices, and filing activity; and
  - Department issued regulatory and supervisory guidance accessible through the Law and Guidance Manual.
- Provide status reports regarding agency activities and industry conditions to the Finance Commission of Texas (FC).

## Other Considerations

### Overview

The worldwide pandemic of COVID-19 that began in December 2019, quickly spread, paralyzed the financial markets worldwide, and created a significant amount of economic uncertainty. As a result, financial service providers will be challenged with deteriorating asset quality, decreasing net interest margins and earnings, and increasing cybersecurity attacks. The Department will work with our regulated entities as they make efforts to assist customers impacted by the pandemic. We plan to be a leader in this process interacting proactively with our federal counterparts to ensure a reasoned and coordinated approach to the supervisory process. The Department must be prepared for the potential rise in problem institutions, which could place a strain on the agency's staffing and operations. The Bank and Trust Supervision Division will evaluate the impact of COVID-19 on our regulated entities, the division, and the state's economy. The division will also assess the actions taken and lessons learned from the pandemic and apply these processes and implement new measures in state regulatory supervision as needed.

A sizeable portion of the Department's resources are dedicated to the activities of the Bank and Trust Supervision Division. As of March 31, 2020, the division represents 61.7% of the agency's 175 employees. Staff in this division are primarily responsible for conducting examinations and performing off-site monitoring of state-chartered banks and trust companies. Department staff must be knowledgeable of regulatory changes, emerging trends, and economic conditions at both the state and national levels to be successful in meeting our goals. Monitoring and identifying concerns surrounding the stability of state-chartered financial institutions and detecting individual banks that demonstrate an increased risk profile are critical. Examiners routinely review institutional exposures to changing economic conditions, and when appropriate, the agency acts to limit these risks. The Department strives to react quickly to changing economic conditions as well as catastrophic events.

## Agency Goals and Action Plans

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The number of banking entities supervised by the Department as of December 31, 2019 is shown in the following table:

Regulated Entities	Number of Entities As of December 31, 2019	Total Assets (\$ millions)
<b>Commercial Banks</b>	<b>224</b>	<b>284,537</b>
<b>Trust Companies</b>	<b>18 Nonexempt 17 Exempt</b>	<b>144,079*</b>
<b>Offices of Foreign Bank Organizations (FBOs)**</b>	<b>5 Agencies 15 Representative Offices 1 Bank Branch</b>	<b>88,534</b>

*\*Fiduciary assets for public trust companies (non-exempt) only.*

*\*\*Texas state branch, agency, or representative office of a foreign bank.*

The number of regulated financial institutions has declined over the years primarily due to mergers and acquisitions. This trend has produced banks that are larger in size, have more branches, operate offices in more diverse geographic locations, and offer more products and services.

### Examination Workforce Challenges

The asset size of financial institutions has steadily increased since the Great Recession, a trend the Department expects to continue for the foreseeable future. To meet the challenges resulting from the growth in size and sophistication, the Department will need to retain experienced examiners with the specific expertise needed for more complex entities while continuing to develop less experienced staff. Specialty examiners skilled in capital markets, Bank Secrecy Act/Anti-Money Laundering, Trust, and Information Technology (IT) areas are also necessary. As more banks begin to partner with financial technology (FinTech) companies or offer similar products, the Department will need to hire and retain examiners who are adept in evaluating the potential risks posed by this technology. Further, additional staff may be required to complete these examinations within the mandated timeframes.

Financial examiners must have the proper experience and training to capably assess the risks in the industry. The general training policy includes on-the-job training, seminars, conferences, and required core curriculum of internal and external schools. Significant resources are dedicated to developing assistant examiners, financial examiner levels I-III, into commissioned examiners. As banks and trust companies under the Department’s supervision become larger and more complex, more resources will be required for staff development. To stay abreast of the ever-changing IT and cybersecurity environment, all Department field examiners and related directors attended the Intermediate IT & Cybersecurity Training hosted by CSBS in 2019.

### Challenges for Regulated Entities

The Department continually monitors state-chartered banks and the factors that could impact an institution’s financial condition. The factors listed below are expected to create challenges to the banking industry over the next five years:

- (1) Cybersecurity threat detection and prevention while also providing modern electronic banking conveniences will stress bank resources.
- (2) Instabilities in economic conditions, specifically the effects from COVID-19, will impact asset quality and other performance metrics.

## Agency Goals and Action Plans

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- (3) Community banks, primarily smaller institutions, will continue to struggle with the cost of complying with federal rules and regulations.
- (4) Competition, especially from nonbank entities, and the easing of credit underwriting standards will increase credit risks.
- (5) Succession planning challenges with regard to finding and retaining qualified staff to replace retiring management and board members, especially in smaller, rural communities.
- (6) Fluctuations in interest rates will create challenges for some banks in maintaining reliable funding sources and profitable net interest margins.
- (7) Changes in the Texas economy caused by external events, international trade disputes and conflicts, weakness in specific industries, or cybersecurity incidents, could impact financial service providers and the customers who rely on them.
- (8) Asset and funding concentrations without effective risk mitigation strategies will pose additional risks.
- (9) Finding new revenue sources without disproportionately increasing compliance, credit, and operational risks will be challenging.
- (10) Ensuring proper oversight and management for the adoption of CECL and transition away from LIBOR to other financial instrument reference rates.

As financial institutions implement advanced automation and innovative technology, cybersecurity and data privacy risks will continue to increase. Financial records and monetary transmission systems are increasingly vulnerable to unauthorized access by hackers, terrorists, and other cybercriminals. The trend toward increasingly sophisticated cyber-attacks is expected to continue. The Department and federal banking agencies require financial institutions to perform internal cybersecurity risk assessments which are reviewed at every examination. Further, new rules became effective January 2, 2020 that require entities regulated by the Department to promptly notify the Banking Commissioner if they experience a material cybersecurity incident impacting their information systems. This reporting requirement will allow the agency to better track these incidents. The Department's website provides numerous cybersecurity resources for bankers.

The competitive landscape for commercial banks is changing with the growth and diversity in FinTech companies. FinTech companies are non-depository financial service providers relying heavily on technology to match borrowers to lenders almost exclusively through an online platform. Mortgage lending, for example, is one product/service FinTech companies provide. They often have faster approval times and lower overall operating costs, placing additional competitive pressures on traditional brick and mortar banks. Strong growth in this type of lending is expected to continue, further disrupting the traditional banking environment.

### **Effective Examinations**

The Department utilizes the FDIC's Examination Tools Suite (ETS) for asset and operations reviews and documenting examinations. The Department's internal ETS workgroup develops and creates worksheets and pages within ETS to help staff streamline the examination process. ETS has improved the collaboration of findings among examination staff and Review Examiners and allows bank examiners with the Department, FDIC, and FRB to more effectively and efficiently share information in the examination of financial institutions for safety and soundness. Enhancements to ETS will continue to evolve and require additional training. In addition, the Department will continue to concentrate on risk-focused, forward looking examinations as we implement our examination modernization project. The project focuses on improving the Department's examination procedures and scoping processes to efficiently and effectively utilize examination resources and technology to accurately evaluate risks and risk management processes of our regulated entities.

## Agency Goals and Action Plans

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### Goal: Effective Regulation of Non-Depository Supervision Licensees

Ensure timely, fair, and effective supervision and regulation of the non-depository licensees under our jurisdiction. The regulatory process promotes a stable financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, and other government agencies.

### Actions Required to Achieve Goal

- Conduct Money Services Business (MSB), Prepaid Funeral Contract (PFC), and Perpetual Care Cemetery (PCC) examinations, in conformance with the Department's examination priority schedule and in a thorough, accurate, and timely manner. In addition, conduct MSB examinations in cooperation with federal and other state regulatory entities.
- Maintain contact with, and monitor the condition of, regulated entities between examinations.
- Monitor fluctuations in economic conditions, especially effects from COVID-19, that will impact non-depository financial service providers.
- Promote cybersecurity awareness and best practices among regulated entities.
- Maintain a cybersecurity tracking system for cybersecurity incidents reported by MSBs, as required by the new notification rule for MSBs effective January 2, 2020.
- Actively participate in the Multi-State MSB Examination Task Force (MMET) and the Money Transmitter Regulators Association (MTRA) and its various committees to promote a nationwide framework for cooperation and coordination among state regulators to ensure a uniform regulatory oversight of the MSB industry.
- Maintain MSB examination efficiencies through cooperation and coordination among states by developing uniform examination procedures and practices and actively participating in the standardization of a networked supervision approach. Participation in the MMET multi-state networked supervision system allows the Department to conserve resources and minimize the regulatory burden on supervised entities while achieving our objectives.
- Optimize efficiencies in the examination process utilizing electronic examination tools and DEX to share information with regulated entities and federal counterparts.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Research and report on changing industry, statutory, and economic conditions and develop appropriate supervisory strategies to adapt to these changes.
- Monitor the industry's status and developments in new consumer trends, and engage in regular communication with federal and state regulators.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Obtain feedback from license holders regarding proposed rule changes.
- Identify and investigate non-licensed entities and fraudulent activities.
- Ensure proper enforcement actions are taken against unlicensed entities to bring such entities into compliance with rules and regulations.

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- Ensure correction-oriented enforcement actions are taken against regulated entities that demonstrate noncompliance with rules and regulations.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- Receive CSBS's inaugural MSB accreditation in 2021 and maintain status.
- Review the Division's disaster preparedness during the COVID-19 pandemic and make appropriate adjustments to contingency plans.
- React timely and appropriately when needed to implement disaster preparedness plans, evaluating and adjusting to changing situations as needed to continue to provide effective oversight of regulated entities.

### Goals and Action Items Support Statewide Objectives

#### 1. **Accountable to tax and fee payers of Texas.**

##### **Consumers**

- Ensure Texans have access to safe and sound financial services providers that comply with applicable laws and regulations.
- Ensure consumer funds collected for PFCs will be available when needed.
- Ensure the required perpetual care amounts paid by consumers as part of the purchase of a burial right in a PCC are properly deposited in a trust account and used appropriately.
- Ensure consumer funds collected by an MSB are properly accounted for and transmitted to the consumer's designated recipient and/or beneficiary.
- Provide consumers numerous avenues for filing complaints on entities regulated by the Department.
- Oversee the Prepaid Funeral Guaranty Fund.
- Ensure adherence to self-leveling, self-funding and SDSI statutory requirements.
- Ensure that the cost of regulation is reasonable and equitable for all regulated entities.

##### **Regulated Entities**

- Provide useful and timely information on the website.
- Issue regulatory and supervisory guidance as appropriate and make these available through the Department's Law and Guidance Manual.
- Organize stakeholder meetings to gather feedback on proposed rules and regulations.
- Seek input on the annual budget through a public hearing.
- Provide outreach efforts to the industry stakeholders for discussing important issues.
- Provide employees of regulated entities a secure avenue to report suspicious activity, fraud, or abuse to the Department.
- Operate efficiently and maintain consistent and prudent regulatory standards.

#### 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including the elimination of redundant and non-core functions.**

- Utilize the ability to accept another state's MSB examination report when certain criteria are met, to

## Agency Goals and Action Plans

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avoid unnecessary regulatory duplication and facilitate the process of supervision and examination with the least regulatory burden to our licensed entities.

- Maintain and upgrade DEX, which is used by regulated entities and examination staff to improve the flow of information.
- Adopt and maintain appropriate technologies to support efficient, effective, and secure operations.
- Utilize and continue to enhance technology allowing examiners to be more efficient when on-site and perform portions of an examination off-site, when practical.
- Receive PFC, PCC, and MSB annual report submissions online to reduce processing time.
- Review examination procedures on a continual basis and develop and refine procedures to address industry trends when necessary.
- Allow flexible work schedules to reduce on-site examination time, travel burden and minimize associated expenses.
- Coordinate and participate in multi-state MSB examinations utilizing the MTRA and MMET standard examination procedures and networked supervision approach.

### **3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.**

- Meet or exceed performance measures related to MSBs, PFCs, and PCCs.
- Monitor legislative and emerging issues as well as their impact on regulated entities.
- Perform ongoing reviews of examination procedures and policies.
- Review regulatory and supervisory guidance regularly to ensure they are current and relevant.
- Explore ways to further automate examination and related administrative processes.
- Provide ongoing formal and informal training opportunities for examination staff.

### **4. Attentive to providing excellent customer service.**

- Provide professional and timely resolutions to consumer complaints.
- Seek feedback from consumers upon closure of their complaint against a regulated entity.
- Maintain PFC website to provide information which will help consumers to make informed decisions relating to the purchase of preneed funeral merchandise or services.
- Utilize feedback from MTRA post examination survey data collected from multi-state joint examinations.
- Notify regulated entities of new or revised rules, regulations, or policies in a timely manner.
- Ensure management of entities under examination is well informed about the progress of examinations and findings.

### **5. Transparent such that agency actions can be understood by any Texan.**

- Ensure the Department's website contains the following information:
  - Proposed rule changes written in plain language and instructions on how to submit comments.



## Agency Goals and Action Plans

- Enforcement actions and orders.
  - Corporate applications, notices and filing activity.
  - Department-issued regulatory and supervisory guidance accessible through the Law and Guidance Manual.
- Provide status reports about agency activities and industry conditions to the FC.

### Other Considerations

#### Overview

The worldwide pandemic of COVID-19 has created a significant amount of economic uncertainty. Immediate impacts on money transmitters (MT) has been minimal but long-term effects will need to be monitored and prudent standards set in place to minimize risk. However, MSBs that offer currency exchange (CEX) are realizing significant challenges as in-person transactions have been limited by sheltering directives and as international travel between the U.S. and Mexico is restricted. The inability to facilitate face-to-face prepaid funeral and burial planning has caused many establishments to engage in providing alternative services. The need for flexibility and introduction of these alternatives have allowed providers and families alike to adapt, signaling what may be a long-term change in the way traditional services are offered and delivered. The Department must be prepared for industry changes and challenges this will bring over the next five years, which could place a strain on the agency's staffing and operations. The division will also assess the actions taken and lessons learned from the pandemic and apply these processes and implement new measures in state regulatory supervision as needed.

In addition, to effectively regulate and supervise licensees, Department staff must be knowledgeable of regulatory changes, emerging trends, and economic conditions at both the state and national level. The Department will continue to work closely with organizations, such as CSBS and MTRA, and federal agencies such as the Financial Crimes Enforcement Network (FinCEN), Consumer Financial Protection Bureau (CFPB), and Internal Revenue Service to stay informed of the matters affecting our regulated entities. Working with other regulators and industry groups helps the Department provide MSBs with clear and consistent guidance and allows examination personnel to stay abreast of current and emerging issues. The Department has also been proactive in issuing guidance related to emerging issues in the MSB industry. In addition, the Department is considered a leader in MSB regulation/examinations, often providing training for examiners in other states.

The Department's non-depository licensees subject to examinations are shown in the following table:

Regulated Entities	Number of Entities As of December 31, 2019	Total Assets (\$ millions)
Money Services Businesses*	170	140,297
Prepaid Funeral Contract Sellers	357	4,181
Perpetual Care Cemeteries	241	369

\*MT and CEX licensees

Examinations and monitoring of licensees are conducted by Non-Depository Supervision Division (NDS) staff, which represents 12.1% of the Department's employees as of March 31, 2020. The number of MSB licensees continues to increase, while the number of PFC licensees continues to decrease, and the number of PCC licensees remains stable. These trends are expected to continue. House Bill 2458, passed during the 86th legislative session, revised laws relating to Texas bullion depository agents and removed the licensing and regulation of these depository agents

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from Chapter 151 of the Texas Finance Code. The legislature also passed Senate Bill 614 which removed the registration requirement for cemetery brokers, revised the terms of the PFC and PCC licenses to perpetual until revoked by the Department or surrendered by the license holder, and combined the renewal fee schedule and the annual assessment schedule into one new annual assessment schedule for PFC and PCC licenses. These legislative changes went into effect September 1, 2019.

### **Challenges for MSBs**

The MSB industry is continually evolving as companies explore new methods for providing existing and new products to consumers. MSB business plans continue to be more complex, shifting towards more innovative technology products and away from traditional money transmission activities. FinTech is a growing industry with many companies capitalizing on innovative technology and the consumer's reliance on smart devices. Further, FinTech companies and banks are partnering to provide the services consumers demand. Internet and mobile payment volumes continue to grow as consumers and merchants increasingly rely on peer-to-peer payment applications and mobile wallets to complete financial transactions.

As advanced technology is adopted, MSBs must have policies and procedures in place to help prevent criminals from hacking computer information systems, infrastructures, and/or computer networks containing valuable customer information. As noted previously for banks and trust companies, a new rule became effective January 2, 2020, that also requires Department regulated MSBs to report cybersecurity incidents to the Banking Commissioner promptly if they experience a material cybersecurity incident in its information systems. This reporting requirement will allow the agency to better track these incidents. Cybersecurity threat detection and prevention will be an ongoing issue for this industry and the Department will continue to promote awareness in this area. To stay abreast of the ever-changing IT and cybersecurity environment, all MSB examiners and the Director of NDS attended the Intermediate IT & Cybersecurity Training hosted by CSBS in 2019. Further, future MSB IT examinations are anticipated and will be planned and coordinated with the Bank and Trust Supervision Division's IT examination staff.

Participation in the MMET multi-state networked supervision system allows the Department to conserve resources and minimize the regulatory burden on supervised entities while achieving our objectives. The MMET facilitates coordinated examinations among states as well as in partnership with the CFPB and the FinCEN. The Department has one of the strictest examination frequency policies which creates challenges when coordinating multi-state MSB examinations, specifically for MT. The Department will review the possibility of extending the examination cycle for MSB license holders to better align with those of other state regulators participating in the networked supervision of multi-state MSBs. Extending the examination frequency for MT license holders will improve examination collaboration and efficiencies; and reduce regulatory burden on license holders without impacting our ability to effectively ensure compliance with applicable regulations. CEX license holders would not be considered for an extended examination cycle since they are not part of the nationwide networked supervision approach.

If implemented, the Department does not anticipate that extending the examination frequency for MT license holders will have an impact on staffing levels. Rather, extending the examination frequency policy would provide the Department with the ability to allocate additional resources to the examinations of more complex, higher risk, and recently licensed MTs. Lastly, if changes are made to the examination frequency and acceptance policies, revisions will also be required to the division's performance measures definitions.

### **Challenges for PFCs and PCCs**

The mature death care industry, which includes PFCs and PCCs, operates in a well-established regulatory environment. While the number of permit holders administering preneed trust funds has been declining due to mergers and consolidations, the amount of funds administered by Department licensed PFCs is rising. This trend is expected to continue.

In the PFC industry, cremations have continued to surpass traditional burial rates, and this year-to-year increase is expected to continue. The rise in cremations can be attributed to several factors, including the perceived environmental impact, an increasingly mobile population, changes in traditional religious attitudes and changing

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consumer preferences. One of the most prevalent factors, however, is the lower cost of cremation when compared to a traditional funeral service. As the shift in consumer demand continues, the death care industry is responding by providing specialized products and innovative services to replace this lost revenue. Examples include live streaming event services, keepsake jewelry, memorial art and merchandise, underwater inurnments in man-made memorial reefs, and expanding the use of their facilities for non-funeral social events. As funeral providers continue to adapt their business plans, greater emphasis is being placed on educating consumers on the many service options available when cremation is selected as a form of final disposition.

The current and historic long-term low-interest rate environment has had a negative impact on the trust earnings available to PCCs. The income generated from amounts held in trust is earmarked for the general maintenance and care of the cemetery. Most cemeteries' trust earnings have not been sufficient to provide complete and adequate maintenance. Therefore, PCCs have had to augment this income with day-to-day operating cash. Legislative actions in previous years assisted PCCs by giving them the ability to extract a standardized stream of income from their trust to provide for the ongoing care and maintenance of the cemetery while generating higher portfolio growth. In addition, two or more PCCs can pool their trust funds by establishing a master trust account to help reduce trustee fee expenses and increase income. PCCs with small trust funds may temporarily place their funds in segregated interest-bearing accounts, providing relief to cemeteries with insufficient income from their trust funds to pay their trustee fees.

The Department will continue monitoring for illegal and fraudulent activity in the death care industry, including the misallocation or defalcation of prepaid funeral funds or unauthorized sale of prepaid funeral benefits. In addition, the Department will continue to monitor developments in the death care industry for any emerging trends that may impact consumer contracts and issues that could pose a threat to the safety and soundness of the licensed entities.

### **Examination Workforce Challenges**

Division staff must stay informed on current and emerging issues and adapt quickly to adequately supervise these entities. Retaining and maintaining a well-trained staff to properly oversee licensed MSB, PFC, and PCC entities is critical in protecting the interests of Texas consumers. The Department requires core training curriculum for examiners which also creates a progression for promotion. Given the industry challenges, and potential employee retirements, the number of knowledgeable staff required to complete examinations and meet performance goals will increase in the next five years.

#### *MSB*

It is imperative that the Department continually develop the supervisory skills of MSB examiners to meet the challenges of evolving technology, the growing complexity of MSBs, and increasingly sophisticated cybersecurity threats. Understanding the activities of traditional and emerging payment systems, including the multi-layer structure of parties involved, is vital to ensure the public safety and confidence in the various payment systems. In addition, the Department will be challenged to identify fraudulent activities and unlicensed entities doing business with Texans, particularly internet-based companies.

#### *PFC and PCC*

The Department has increased efficiencies by cross training examination staff and utilizing opportunities for off-site reviews and examinations when possible. Training and developing PFC and PCC examination staff provides additional challenges. The division provides on-the-job training and external sources are available for professional growth and development. However, because of the uniqueness of the regulation of PFCs and PCCs, opportunities for industry-related training from outside sources are limited.

### **Goal: Effective Regulation Through Corporate Activities**

Provide an effective process to evaluate and act upon corporate filings requesting to initiate, expand, or modify financial services to Texans. In doing so, ensure that the prospective owners, managers, and operators of financial

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service entities are capable of offering citizens of Texas access to convenient, safe, sound, and competitive financial services.

### Actions Required to Achieve Goal

- Process all filings in a timely and thorough manner while adhering to the principle of providing Texans with access to convenient and competitive financial services operating in a safe and sound manner.
- Optimize efficiencies in the application process by enhancing automated systems, where possible, to improve the quality and speed of information exchanged internally and between the Department, its stakeholders, applicants, and the various federal and state agencies that we partner with to process applications.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Perform thorough background checks as appropriate to determine if the individuals proposed have the experience, personal and financial integrity, and financial acumen to direct and/or lead a financial institution or MSB's affairs in a safe, sound, and legal manner.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.

### Goals and Action Items Support Statewide Objectives

#### 1. **Accountable to tax and fee payers of Texas.**

- Charter and license entities with sound business operations and plans which demonstrate the ability and propensity to abide by applicable laws, including consumer protection laws.
- Promote a thriving and competitive financial services industry.
- Prevent the introduction of bad actors into a regulated entity by performing appropriate background checks.
- Ensure adherence to self-leveling, self-funding and SDSI statutory requirements.
- Ensure that the cost of regulation is reasonable and equitable for all regulated entities.

#### 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including the elimination of redundant and non-core functions.**

- Ensure staffing resources are periodically evaluated and adjusted in consideration of application type, volume, complexity, and risk.
- Utilize the Corporate Application Filing Entry (CAFE) System to securely receive electronic filings and accompanying documentation.
- Adopt and maintain appropriate technologies to support efficient, effective, and secure operations.
- Allow the use of federal or other states' forms, when available, to minimize duplicate efforts by the applicant.
- Utilize the Nationwide Multi-state Licensing System & Registry (NMLS) for MSB applications.

#### 3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.**

- Meet or exceed performance measures for processing bank, trust, MSB, and check verification

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company applications.

- Strive to reduce manual processes by leveraging technology.
- Promote collaboration between divisions to extract requisite information.

#### 4. Attentive to providing excellent customer service.

- Expedite application processing, review, and approval processes.
- Monitor compliance with rules to ensure timely responses to applications.
- Review forms and applications regularly to improve the quality of initial submission and ease of completion, flexibility, and ultimately timely processing.
- Seek feedback from entities using Corporate Activities Division services through the annual *Rate the Department Survey*.

#### 5. Transparent such that agency actions can be understood by any Texan.

- Ensure Corporate Activities application forms are logically organized, readily available to the public on our website, and meet accessibility standards.
- Provide corporate application activity information on our website.
- Ensure that our website continues to accurately list the chartered and licensed entities supervised (or formerly supervised) by the Department.

## Other Considerations

### Overview

Entities chartered or licensed by the Department include banks, trust companies, offices of foreign bank agencies, MSBs, PFC sellers, and PCCs. These chartered or licensed entities are subject to examinations to ensure each is operating in a safe and sound manner and in compliance with state and federal laws. Check verification entities are required to register with the Department, but are not subject to examination. Legislative changes in 2019 rescinded the requirements for private child support enforcement agencies, bullion depository agents, and cemetery brokers to register with the Department.

### Applications and Filings

Over the next five years, the volume of corporate applications and filings related to entities chartered and licensed by the Department is expected to remain at elevated levels with increasing complexity. However, effects of COVID-19 are uncertain and applications and filings might not meet the trajectory expected. Mergers and consolidations are expected to continue at a steady pace for the banking sector, particularly among smaller community banks that find it harder to operate profitably in an environment with increasing costs, competition, and regulatory requirements. The Department has chartered two de novo banks since 2009.

An increasing interest in de novo bank charters has been noted. A commonly used alternative to obtain a bank charter is for organizers to acquire a smaller bank and then relocate the home office to a different location. An increasing number of de novo trust company charters have been issued and this application activity is expected to continue. The number of MSB license applications is expected to continue to grow and increase in sophistication as technology is quickly evolving in the payments system arena.

In addition to the entities identified in the previous goals, check verification entities are required to file applications with the Department. As of December 31, 2019, two check verification entities were registered with the Department. Corporate filings from these entities are nominal.

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### Corporate Activities Workforce and Technology

The Department's Corporate Activities staff evaluates corporate applications and must continue to stay abreast of current and emerging technologies as well as innovative financial products and services. To ensure a safe, sound, and competitive financial system, the division must continue to maintain a knowledgeable staff to ensure financial service providers operating in Texas are properly vetted and authorized. Corporate analysts are trained to be knowledgeable in evaluating all types of applications. Workforce development is primarily on-the-job training with external sources available for professional growth and development.

The Department utilizes technology to optimize the efficiency of the application process. Two web-based programs are available allowing entities to submit applications and notice filings securely through electronic portals: MSBs use the NMLS to transmit electronic applications, while all other chartered and licensed entities utilize the CAFE program. All entities, except MSBs, utilize the payment feature in CAFE for submitting application filing fees.

The Department anticipates utilizing the Key Individual Working Initiative program, to be implemented by CSBS, to streamline background checks, identify key individuals, and facilitate change of control filings. This process should not only streamline the processes for state examiners but also for NMLS users. Implementation is expected in the next few years.

### Goal: Effective and Efficient Operations Compliant with State Laws

Ensure that Texans and stakeholders are effectively and efficiently served by high-quality professionals entrusted to implement regulatory requirements and industry standards, utilize advanced technologies, safeguard confidential information, provide educational opportunities to support and strengthen the financial services industry, and assist consumers in resolving complaints with the financial service providers regulated and licensed by the Department.

### Actions Required to Achieve Goal

- Investigate, process, and respond to consumer complaints about Department-supervised entities in a professional, appropriate, and timely manner.
- Develop comprehensive annual budget and staffing plan.
- Adhere to the agency's annual budget.
- Update and test the Continuity of Operations Plan (COOP) as directed by the State Office of Risk Management (SORM).
- Migrate to the Centralized Accounting & Payroll/Personnel Systems (CAPPS) by 2022.
- Promote information security and cybersecurity awareness within the agency through training and processes designed to protect sensitive data.
- Position the Department for continual modernization of management information systems (MIS).
- Utilize technology to streamline processes throughout the agency.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Engage in regular communication with and reporting to the FC.
- Collaborate with the Office of Consumer Credit Commissioner (OCCC) and Department of Savings and Mortgage Lending (DSML) on the FC's efforts to achieve greater efficiencies.
- Prepare and deliver SDSI agency reports to the Governor and Legislature in an accurate and timely manner.



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- Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.
- Promote financial education.

### Goals and Action Items Support Statewide Objectives

#### 1. **Accountable to tax and fee payers of Texas.**

- Promote and provide resources for financial education across the state.
- Provide consumers with numerous avenues for filing complaints against regulated entities.
- Publish, contract, and purchase information, as well as periodically update the Contract Management Guide and Handbook on the agency website.
- Provide quarterly reporting of agency financials, budget variance analysis and performance measures to the FC.
- Ensure adherence to self-leveling, self-funding, and SDSI statutory requirements.
- Ensure that the cost of regulation is reasonable and equitable for all regulated entities.

#### 2. **Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including the elimination of redundant and non-core functions.**

- Share information and collaborate with the other FC agencies.
- Utilize a secure means of electronic communications to communicate with regulated entities.
- Adopt and maintain appropriate technologies to support efficient, effective, and secure operations.
- Utilize a document imaging system to maintain documents electronically and allow information to be shared quickly and easily among staff.
- Implement improvements noted or suggested in performed external audits.
- Comply with all legislative requirements related to contracting.
- Coordinate financial education efforts with the OCCC.

#### 3. **Effective in successfully fulfilling core functions, measuring success in achieving performance measures, and implementing plans to continuously improve.**

- Review internal processes and program applications continuously to find opportunities to further automate or enhance features using advancing technologies.
- Perform periodic testing of COOP, including disaster recovery efforts.
- Review budget performance on a quarterly basis with explanations required for variances between actual expenses and budget.
- Promote and provide cybersecurity awareness training to staff on an annual basis.
- Provide adequate hardware and software to enable staff to efficiently perform their job duties.
- Conduct annual employee surveys and discuss results with the Employee Advisory Council (EAC) to explore ideas to enhance agency efficiencies.

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### 4. Attentive to providing excellent customer service.

- Handle consumer complaints in a professional and timely manner.
- Offer various avenues in which a consumer may contact the Department.
- Provide extensive selection of consumer related information on the Department's website.
- Work closely with various consumer organizations and trade groups in order to respond to issues that are important to our regulated entities.
- Seek feedback from FC agencies on shared services provided by the Department.

### 5. Transparent such that agency actions can be understood by any Texan.

- Hold annual public hearing on the agency's budget prior to submission of budget to the FC.
- Publish enforcement actions taken by the Department which include removal and/or prohibition orders, and enforcement orders on the website.
- Seek input to improve the agency's services.
- Publish procurement information on the agency website. Adhere to and comply with the Department's Contract Management Guide and Handbook.
- Provide status reports on agency activities for the FC meetings, which are open to the public.
- Ensure that FC meeting agendas, materials and packets, and minutes are posted on the FC website.
- Comply with the Public Information Act and open government requirements.
- Ensure information posted on the website is in an Americans with Disabilities Act compliant and accessible format.

## Other Considerations

### Overview

The Department of Banking has been an SDSI agency since 2009. As a self-leveling, self-funding agency, the Department develops an annual budget that is evaluated and reviewed by the FC, an eleven-member governing body which oversees three state agencies: the Department, DSML, and OCC. The budget must be approved by the FC before any expenditures can be made. Transparency and accountability are maintained by providing opportunities for public participation in the budgeting process through an annual public hearing.

The Department is responsible for all direct and indirect costs and receives no general revenue funds from the state. Revenues are matched with expenditures to ensure chartered/licensed entities are not charged or assessed more than is required to maintain the agency's operations and meet its statutory mandate. All revenues are derived from assessments paid by regulated entities and placed in a separate account at the Texas Treasury Safekeeping Trust Company. The Department continually monitors assessment revenue from our regulated entities. Adjustments are made to the assessment levels as needed. Various provisions in the Finance Code and Health and Safety Code authorize the Commissioner to impose and collect fees to cover only the cost of examination, the equitable or proportionate cost of maintenance and operation of the Department, and the cost of enforcement. The Department operates in a prudent and fiscally responsible manner while performing our statutory duties.

The SDSI status has been instrumental in supporting the agency's efforts to fulfill its mission and provide our regulated entities the quality of service needed to ensure public confidence in the banking and non-depository industries. As an SDSI agency, the Department operates more efficiently and can: 1) respond effectively and timely to the changing

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dynamics in our economy and regulated industries, and 2) adjust budgets to implement immediate changes in staffing strategies.

### **Employee Surveys and Job Satisfaction**

The Department values the opinions and ideas of all employees, providing staff with numerous opportunities to provide feedback to improve agency effectiveness and efficiency. Employees are invited annually to participate in an employee satisfaction survey, either the University of Texas' Survey of Employee Engagement or developed internally. Participation levels continue to be high, well above 90%. The Department also maintains a Suggestion Box on its intranet for employees to communicate ideas with senior management. Further, the EAC meets at least annually to discuss survey results, strengths and weaknesses of the agency, and makes appropriate suggestions to executive management to enhance agency operations and the workplace environment. New programs, employee incentives, and improvements in the work process have been implemented as a result.

### **Legal**

The Legal Division works with and supports the needs of all divisions within the Department and assists members of the public seeking legal opinions or information concerning the regulation of financial services. To continue this service, legal staff will have to stay abreast of ever-changing regulations and be prepared to recommend changes during each Legislative session as appropriate. Regulated entities are becoming more complex, adopting innovative technology, and models are advancing quickly. As such, the Legal Division staff must continue to develop their knowledge of evolving technology, particularly in the FinTech industry. Over the next five years, the legal staff will be challenged to keep pace with emerging issues for all regulated entities.

### **Management Information Systems (MIS)**

The Department's MIS Division is responsible for designing, implementing, and managing in a secure but efficient manner: networks, servers, electronic communications, databases, computers, printers, peripherals, and internal programs. The division supports all other divisions by providing technical support, end-user application support, custom application development services, stable and efficient infrastructure, and computer security including security training. MIS Division staff members must continuously improve their skills and knowledge of current innovations and advances to provide efficient and effective operations while identifying and meeting the future needs of the Department.

The MIS Division is governed by the IT Steering Committee, managed by a dedicated Chief Information Officer (CIO) reporting directly to the Deputy Commissioner in accordance with Government Code §2054.075. The CIO is responsible for developing processes, procedures, and reporting as required for the Department. The CIO manages the MIS staff, technology adoption, implementation and related maintenance, and technology policies and procedures. Further, the CIO is responsible for ensuring adoption of new technologies in support the Department's goals and objectives while supporting the State Strategic Plan for Information Resource Management.

Over the next five years, the MIS Division plans to implement a series of initiatives which support the Department's goals and objectives and are designed to modernize its services. Emphasis will be placed on updating the staffing pattern; aligning positions with specific goals; updating license structures to allow for flexibility; migrating systems to cloud services to improve resiliency and access; and improving our security posture while ensuring we are achieving a balance between value and cost of services. Further the MIS Division will utilize the governance process to make sure efforts are focused on the Department's goals, prioritize work efforts and implement a work plan for MIS which supports long-term objectives while balancing operations and maintenance efforts.

To meet the Department's objectives to provide quality regulation; maintain the Department's credibility; ensure timely, fair, and effective supervision and regulation; and to protect the data we collect, the agency must maintain up-to-date computer technology that allows maximum efficiency and availability. The Department will accomplish this by continuing to update technology, ensuring all staff receive information security training, and providing new or enhanced web services to our customers and the public.

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Policies and procedures supporting successful implementations and adoption of technology will continue to be refined, including governance, project management, change management, lifecycle management, information security, and the development of a technology roadmap for the Department. The Department's Information Security Officer (ISO) provides support for these objectives through compliance validation, testing, and remediation, drafting of recommended procedures to support policy and reporting. The ISO's focus is on mitigation of risk through policy and procedure compliance, gap and deficiency identification, technology implementation validation, and reporting for technology compliance.

### **Financial Education**

The results of the 2017 FDIC National Survey of Unbanked and Underbanked Households illustrate the need for the Department to remain committed to promoting financial education and its mission: *Bankers helping Texans in making informed decisions about budget, credit, asset-building, savings and debt management through financial education.* The survey estimates the proportion of U.S. households that do not have an account at an insured institution, and the proportion that have an account but obtained alternative, nonbank financial services in the past 12 months. According to the survey, Texas has one of the highest percentages of unbanked or underbanked households in the nation. The Department will continue to work with the OCC and various partners in the community, including bank trade associations, the FDIC, and the FRB to promote financial education initiatives.

### **Administrative Services**

The Administrative Services Division is responsible for the Department's accounting function that includes budgeting and accounting; the procurement function which includes purchasing, contracting, and building maintenance; and the risk management function.

#### *Procurement*

The procurement function provides support for internal customers, purchasing and contracts, and infrastructure management. This includes:

- Supporting the Department's purchasing, contract, and supply processes to ensure Department needs are met in a timely manner and are compliant with state and federal regulations;
- Managing the Department's inventories, supplies, and controlled/tagged assets;
- Managing the Historically Underutilized Business program in compliance with state, and federal regulations.
- Providing facilities support and space management for all three FC agencies; and
- Coordinating the receipt and distribution of mail for all three FC agencies.

The Department's two contract managers maintain continuing education credits (primarily online) as required by the Texas Comptroller of Public Accounts (Comptroller) for procurement professionals to maintain certification. Contract managers have required certifications which are maintained and up to date.

Over the next five years, the Department will work with the other two FC agencies to find more opportunities to provide shared services and improve efficiency.

#### *COOP*

The Department complies with the directives of the SORM regarding the updating and testing of the COOP. As required, the COOP submission deadline to SORM is January of every odd fiscal year and COOP exercises are conducted no later than January of every even fiscal year. The most recent COOP update and submission to SORM was completed in January 2019. Continuity exercises were conducted with satisfactory results. The Department will continue to comply with SORM requirements as well as review and improve our continuity of operations plan and related exercises. In March 2020, as the COVID-19 pandemic was affecting the world, The Department implemented

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its Pandemic Plan and adjusted practices and policies as needed. As part of the post pandemic analysis, the Department will review the Pandemic Plan and processes, and determine if corrective action plans are needed.

### *CAPPS*

As part of Enterprise Resource Planning for the state, the Department will transition to the CAPPS, a single, web-based source of financial and HR/Payroll information for all state agencies. The Comptroller will determine the timing of this transition, but as of April 2020, no projections for when this conversion will occur have been provided. When the transition period begins, the Department will face the following challenges:

- Administrative Services, Human Resources, and MIS staff will dedicate resources as subject matter experts to ensure thorough business process analysis, system migration, verification, and validation; and disposition of legacy systems.
- Costs related to software, project management, analysis, and implementation will be incurred in order to incorporate the CAPPS modules into our business operations.
- Additional costs will also be incurred related to staffing, training, travel, and overall implementation; and
- Changes will impact all staff and must be effectively managed.

### **Succession Planning and Employee Retention**

Management succession planning remains a high priority over the next five years, as approximately 31% of the agency's staff, or 55 employees, will be eligible to retire, including nine who are return-to-work retirees. Thirty-nine of these employees are eligible to retire in 2020. With the Department facing the potential departure of 13 members of the senior management team, eight of whom are eligible to retire in 2020 or are return-to-work retirees, management succession continues to be a primary concern. The anticipated loss of knowledge and expertise from such a large number of potential retirees could have a significant impact on the agency. As a state agency with less than 200 employees, we rely heavily on these individuals to oversee the agency's regulatory and operational activities.

The Department effectively transitioned to new management as both Deputy Commissioners retired since the last Strategic Plan. Subsequently, one Deputy Commissioner position was filled, and two new positions were created: Chief Operating Officer and Assistant Deputy Commissioner. Further, five Division Director positions have been filled since 2018. To lessen the impact of these foreseeable vacancies and prepare for a shift in leadership, the Department is focusing on developing up and coming employees to fill these positions. We anticipate that these efforts will help to better prepare current employees for taking on new roles as the need arises with minimal disruption to daily operations. Efforts include:

- Cross-training to expose staff to other aspects of the agency;
- Mentoring and training mid-level managers to perform duties of senior managers;
- Utilizing Supervisor Evaluations to provide employees with a feedback mechanism and increasing the effectiveness of the supervisory staff;
- Attending management development courses sponsored by the Government Center for Management Development;
- Involving staff in special projects and participating in committees with organizations outside of the Department;
- Rotating supervisors and select non-supervisors through an internal four-month leadership development program. To date, 44 staff members are either currently enrolled or have completed the program; and
- Implementing a competency-based evaluation system to align performance management across the agency and increase communication of performance expectations.

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Retaining employees and encouraging them to make employment with the agency a career is also important to the Department. The primary reasons given for financial examiner turnover continues to be travel and salary. Over the next five years, the agency will seek ways to allow for more examination work to be completed off-site to reduce travel, use automation to make processes more efficient, and utilize lessons learned during COVID-19 to increase efficiencies. Strategies already in place include:

- pre-employment screening using a work style profile to ensure the agency is selecting candidates for employment who are most suited for the position;
- internship program;
- tuition reimbursement program;
- travel stipend for extensive overnight travel;
- temporary work assignments that provide relief from frequent overnight travel;
- flexible work schedules; and
- competitive compensation strategy for financial examiners.

The Department's SDSI status yields the ability to adjust salaries to retain and attract qualified personnel and strive for more competitive salary levels with the FDIC. While this flexibility yields the Department the ability to retain quality staff members, it is incumbent upon management to continue to attract new staff members to train and develop to further the Department's mission. Further, the Department is currently engaged in a project to develop a comprehensive compensation strategy for all staff. The project, when fully implemented, will encompass market salary data analysis, compensation system design, internal and external alignment solutions, identification of career paths, and an effective total compensation program and communication plan.

### **Finance Commission Building**

The Department is headquartered in the Finance Commission Building at 2601 N. Lamar Blvd, which it shares and co-owns with the DSML and OCC, the other FC agencies. In an effort to relieve overcrowding and a deficiency in office, meeting, and parking space, the agencies are pursuing relocation options. Legislation passed in 2017 would allow the Texas Department of Transportation to sell certain excess land to the agencies. The agencies are continuing to work with Texas Department of Transportation and Texas Department of Motor vehicles to evaluate potential options. With the assistance of a contracted commercial real estate broker, the agencies are considering options that will accommodate the unique requirements of all three agencies. Cash reserves have been set aside to cover the future expenses related to the purchase or construction of a new building and relocation.

### **Sunset Review**

The Department was evaluated by the Texas Sunset Advisory Commission during their 2018 - 2019 review cycle, as required by the Texas Sunset Act. The 86th Legislature passed Senate Bill 614 extending the existence of the Department through September 1, 2031 under the continued oversight of the FC. The Sunset Advisory Commission Report to the 86th Legislature noted that "the three finance agencies have weathered the storms of the financial crisis well and maintained transparent, accountable practices even with the recent decreased legislative oversight after the Legislature granted the agencies self-directed semi-independent status." Further, the report notes that the Department "retains a responsive and expert staff."

The Sunset Advisory Commission had several recommendations for the three agencies. The Department began implementing recommendations from the Sunset review in 2018. One of the Sunset Management Actions directed the FC to minimize duplication of agency functions and promote more cost-efficient administration of the finance agencies, which included an Efficiency Audit that was completed and reported to the FC in June 2019.

The FC voted on and approved a plan that directs the agencies to establish workgroups to explore and collaborate on enhanced sharing opportunities in six areas: Budget and Accounting; Complaint Intake; Financial Literacy



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Program; Purchasing and Contracting; Human Resources; and Information Technology. The workgroups meet periodically to identify, recommend, and implement new measures to promote efficient administration.

The specific directives for the workgroups in each area identified are as follows:

- Explore a potential opportunity for a shared service relating to Accounts Payable. The workgroup will share best practices and align financial reporting to the FC as much as possible.
- Explore opportunities to improve customer service, align performance measure reporting, review best practices, federal complaint issues, and emerging trends.
- Work with the OCCC to define a strategy and deliverables for an agreement to share financial education outreach services.
- Expand the already shared central office supply purchasing and inventory, and explore options for the Department to offer procurement services to one or more of the other agencies.
- Explore the option of offering the following HR services to the other FC agencies: (1) benefits coordination; (2) new employee orientation; (3) employee separation processing; and (4) possibly background checks, if appropriate clearance can be obtained. The workgroup will also share best practices and align financial reporting to the FC.
- Review possibilities for shared services, share best practices and strategic alignment, review emerging trends in cybersecurity, and review other ways to enhance IT services.

Agencies will report the status of workgroup meetings on a semi-annual basis. The first status update was presented to the FC in April 2020.

## Redundancies and Impediments

The Department reviews Texas Administrative Code rules on an ongoing basis and makes modifications as necessary to reflect changes in state and federal laws, clarify existing laws, and address the dynamics of the changing industries. Periodic reviews of fee rules are performed to ensure each regulated area covers its cost of regulation. Each legislative session, the Department works with state legislators to make necessary changes to state statutes to improve regulations for the industries we charter or license and to reduce any barriers that could impact the Department’s effectiveness and efficiency in meeting our mission.

The Department has identified one potential redundancy as detailed below. A revision to the statute will be proposed during the next legislative session for potential change. The revision would more closely align this regulation with the FDIC’s. The Department did not identify any natural disaster related redundancies and impediments.

REDUNDANCIES AND IMPEDIMENTS	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)</b>	Finance Code Title 3, § 34.103 regarding Bank Subsidiaries
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	Current language refers to approval by FDIC as standard for allowance of certain types of subsidiary activities under the Texas Finance Code. In 2015, the FDIC changed procedures to narrow what activities require actual approval. A strict reading of our statute could produce an inconsistent result.
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	Revise Texas Finance Code § 34.103 to align subsidiary activity approval requirements with federal laws and regulations.
<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b>	This revision will reduce regulatory burden and attendant costs on state-chartered banks.

# SCHEDULE A

## Budget Structure

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The Department of Banking has been a Self-Directed, Semi-Independent agency since 2009 and therefore does not have a bill pattern in the General Appropriations Act. The Department, which is self-funding and self-leveling, is responsible for all costs as no resources are appropriated from the General Revenue Fund. All revenues for operations are derived from assessments and fees paid by regulated entities. The revenues are placed in a separate account at the Texas Treasury Safekeeping Trust Company and not included in the General Revenue Fund.

The Department develops a budget annually that is made available to the public on our website and presented to the Finance Commission (FC) for evaluation. The budgeting process begins in the last quarter of the fiscal year with the proposed budget presented at a public hearing typically at the end of July or first of August. The final budget is presented to the FC at its regularly scheduled August meeting, and must receive FC approval before any expenditure can be made.

### GOAL: EFFECTIVE BANK AND TRUST REGULATION

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Ensure timely, fair, and effective supervision and regulation of the financial institutions and other licensees under our jurisdiction. The regulatory process promotes a stable banking and financial services environment and provides the public with convenient, safe, and competitive financial services.

### OBJECTIVE

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**Quality Bank Regulation:** Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, federal banking regulators and other government agencies by achieving these objectives through 2025:

- Examinations of regulated entities will be performed within required timeframes.
- Correction-oriented enforcement action will be taken, as appropriate, against regulated entities that demonstrate higher than normal weakness or risk.
- Accreditation status by the Conference of State Bank Supervisors (CSBS) is maintained; and
- Agency will strive to attract and retain qualified employees.

### OUTCOME MEASURES

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- Percentage of banks receiving examinations within required timeframes.
- Percentage of foreign bank organizations receiving examinations within required timeframes.
- Percentage of trust companies receiving examinations within required timeframes.
- Percentage of problem institutions with appropriate supervisory actions in place.
- Certificate of accreditation by the CSBS maintained in good standing.

### STRATEGIES

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**Bank Examination:** Conduct commercial bank, trust company, and foreign bank organization examinations in cooperation with the Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve Bank (FRB), in conformance with the Department's examination priority schedule and in a thorough, accurate, and timely manner. Maintain national accreditation with the CSBS. Maintain contact with, and monitor the condition of, regulated entities between examinations through processes which include an off-site monitoring program. Monitor industry status and engage in regular communication with the FDIC, FRB, and CSBS. Promote cybersecurity awareness among regulated entities. Optimize efficiencies in the examination process, including automating examination procedures, adopting electronic examination tools, and utilizing the secure data exchange portal to share information with regulated entities and federal counterparts. Research and report on changing industry, statutory, and economic conditions. Provide the industry with electronic access to regulatory and supervisory information through the website. Apply formal enforcement actions when necessary to maintain integrity within the industries regulated.

# SCHEDULE A

## Budget Structure

---

**FDIC / FRB / Industry Deterioration:** Maintain a contingency plan to provide additional regulatory resources in the event of industry deterioration or systemic industry problems, the reallocation of federal regulatory resources away from Texas, a significant increase in the regulated asset base or a substantial loss of examiners.

### **OUTPUT MEASURES**

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- Number of bank examinations performed.
- Number of foreign bank organization examinations, trust company, trust department, and information technology examinations and other specialized reviews performed.

### **EFFICIENCY MEASURES**

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- Average direct cost per bank examination.
- Assets examined per examiner day (in millions).

### **EXPLANATORY MEASURES**

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- Percentage of banks classified safe and sound.
- Number of Texas state-chartered banks.
- Total assets of Texas state-chartered banks (in billions).

# SCHEDULE A

## Budget Structure

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### GOAL: EFFECTIVE REGULATION OF NON-DEPOSITORY SUPERVISION LICENSEES

---

Ensure timely, fair, and effective supervision and regulation of the non-depository supervision licensees under our jurisdiction. The regulatory process promotes a stable financial services environment and provides the public with convenient, safe, and competitive financial services.

### OBJECTIVE

---

**Quality Non-Depository Regulation:** Provide quality regulation and maintain the credibility of the Department with the public, the industries we regulate, and other government agencies by achieving these objectives through 2025:

- Examinations of regulated entities will be performed within required timeframes.
- Correction-oriented enforcement action will be taken against regulated entities that demonstrate higher than normal weakness or risk.
- Agency will strive to attract and retain qualified employees.

### OUTCOME MEASURES

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- Percentage of Money Service Business (MSB) licensees examined within required timeframes.
- Percentage of Prepaid Funeral Contract (PFC) licensees examined within required timeframes.
- Percentage of Perpetual Care Cemetery (PCC) licensees examined within required timeframes.
- Percentage of PCC and PFC applications processed within statutory period.

### STRATEGIES

---

**Non-Depository Examination:** Conduct PCC, PFC and MSB examinations, in cooperation with federal and other state regulatory entities, in conformance with the Department's examination priority schedule and in a thorough, accurate, and timely manner. Monitor industry status and engage in regular communication with other states and the Money Transmitter Regulators Association (MTRA). Promote cybersecurity awareness among regulated entities. Maintain contact with and monitor the condition of regulated entities between examinations through off-site monitoring. Optimize efficiencies in the examination process, including automating the data exchange of examination documents through a secure portal, and utilizing electronic examination procedures and reference materials. Research and report on changing industry, statutory, and economic conditions. Ensure proper enforcement actions are taken against unlicensed and licensed entities.

### OUTPUT MEASURE

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- Number of Non-Depository Supervision licensees examined.

### EFFICIENCY MEASURE

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- Average direct cost per PFC and PCC licensee examination.
- Average direct cost per MSB licensee examination.

### EXPLANATORY MEASURE

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- Dollar amount of PFC in force (in billions).
- Number of Non-Depository Supervision licensees.
- Percentage of Non-Depository Supervision licensees classified safe and sound.

# SCHEDULE A

## Budget Structure

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### GOAL: EFFECTIVE REGULATION THROUGH CORPORATE ACTIVITIES

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Provide an effective process to evaluate and act upon corporate filings requesting to initiate, expand, or modify financial services to Texans. In doing so, ensure that the prospective owners, managers, and operators of financial service entities are capable of offering citizens of Texas access to convenient, safe, sound, and competitive financial services.

### OBJECTIVE

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**Corporate Activities:** Provide convenient and competitive financial services and protect the public by achieving these objectives through 2025, ensure that all applications, notices, and filings receive a timely and thorough review resulting in knowledgeable and competent recommendations.

### OUTCOME MEASURE

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- Percentage of applications and notices for banks, trust companies, MSBs, and check verification companies (CVEs) processed within statutory time periods.

### STRATEGIES

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**Application Processing:** Optimize efficiencies in the application process by enhancing and automating systems, where possible, in order to improve the quality and speed of information exchanged during the processing of corporate applications, notices and other filings. Perform thorough background checks to determine if the individuals proposed have the experience, personal and financial integrity, and financial acumen to direct and/or lead a financial institution's or MSB's affairs in a safe, sound, and legal manner. Process applications and notices timely and thoroughly, resulting in knowledgeable and competent recommendations.

### OUTPUT MEASURE

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- Number of applications and notices processed for banks, trust companies, MSB's, and CVEs.



# SCHEDULE A

## Budget Structure

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### GOAL: EFFECTIVE AND EFFICIENT OPERATIONS COMPLIANT WITH STATE LAWS

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Ensure that Texans and stakeholders are effectively and efficiently served by high-quality professionals entrusted to implement regulatory requirements and industry standards, utilize advanced technologies, safeguard confidential information, provide educational opportunities to support and strengthen the financial services industry, and assist consumers in resolving complaints with the financial service providers regulated and licensed by the Department.

### OBJECTIVE

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**Consumer Complaints:** Ensure that all complaints are thoroughly reviewed, processed and resolved within 90 calendar days while maintaining professional service.

**Central Administration:** Develop a comprehensive annual budget and staffing plan to aid in attracting and retaining qualified staff and maintain professional services while promoting a culture of state service as a career.

### OUTCOME MEASURES

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- Percentage of written complaints closed within 90 days.
- Percentage of regular employees separated from the agency.
- Percentage of regular employees separated from the agency (excluding retirements).
- Percentage of actual expenditures to budgeted expenditures.

### STRATEGIES

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**Complaint Processing:** Provide consumers with several methods for filing complaints against regulated entities. Investigate, process, and respond to formal written complaints timely and thoroughly using knowledge of applicable laws and regulations to resolve and close requests.

**Administration:** Indirect/Central Administration provides leadership and support for internal customer service and agency operations management.

### OUTPUT MEASURE

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- Number of written complaints closed.

# SCHEDULE A

## Budget Structure

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## SCHEDULE B

### Performance Measure Definitions

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The Finance Commission agencies underwent the Sunset review process in 2018-2019. The Sunset Advisory Commission - Staff Report with Final Results issued June 2019 recommended that performance measures be evaluated and updated to ensure they are directly related to performance, are consistent between agencies, and highlight the priorities of each agency. To this effort, the following performance measures include certain revisions.

**Outcome Measure:**    **01-01.01 Percentage of Banks Receiving Examinations Within Required Timeframes**

**Definition**

The number of banks due for examination per the examination priority schedule (described in Supervisory Memorandum 1003) and examinations started timely by the Department of Banking, Federal Deposit Insurance Corporation (FDIC), or Federal Reserve Bank (FRB) during the reporting period. An examination is the process by on-site or off-site review, to review and evaluate the records of a regulated entity to the extent necessary to determine compliance with applicable laws.

**Purpose**

The Department is under a statutory mandate regarding examination frequency. This measure indicates how well the agency is meeting its mandate.

**Data Source**

Bank and Trust Division staff enters into the Department's database all commercial examinations started and completed by the Department of Banking, FDIC or FRB. Data is maintained on the total number of banks due for examinations per the examination priority schedule. The number of examinations in the numerator and denominator includes banks examined by the Department of Banking and federal agencies, whether joint or independent. Past due banks include those banks with examinations held in abeyance pending their exit from the state system.

**Methodology**

Total number of bank examinations started within required timeframes (as defined by Administrative Memorandum 2041) divided by the number of examinations due during the reporting period.

**Data Limitations**

The number of banks receiving an examination within required timeframes could significantly decrease in the event of: (1) Material deterioration in the overall condition of the state's financial institutions which would require a more frequent examination schedule; (2) An inability of the federal banking authorities to meet their examination responsibilities due to a reallocation of personnel to other priorities; and (3) A significant increase in the number of new bank charters.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-01.02 Percentage of Foreign Bank Organizations (FBO) Receiving Examinations Within Required Timeframes

**Definition**

Number of FBOs due for examinations per the examination priority schedule and examinations started timely by the Department of Banking or FRB during the reporting period. An examination is the process by on-site or off-site review, to review and evaluate the records of a regulated entity to the extent necessary to determine compliance with applicable laws.

**Purpose**

The Department is under a statutory mandate regarding examination frequency. This measure indicates how well the agency is meeting its mandate.

**Data Source**

Bank and Trust Division staff enters into the Department's database all FBO examinations performed by the Department of Banking or FRB, whether joint or independent. Data is maintained on the total number of FBOs due for examinations per examination priority schedule and includes all agencies examined by the Department or the FRB.

**Methodology**

The number of FBOs receiving examinations within required timeframes (as defined by Administrative Memorandum 2041) divided by the number of examinations due during the reporting period.

**Data Limitations**

The number of FBOs receiving an examination within required timeframes could significantly decrease in the event of: (1) Material deterioration in the overall condition of the state's financial institutions which would require a more frequent examination schedule; (2) An inability of the FRB to meet their examination responsibilities due to a reallocation of personnel to other priorities; and (3) A significant increase in the number of new bank charters.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-01.03 Percentage of Trust Companies Receiving Examinations Within Required Timeframes

**Definition**

Number of trust companies' due for examinations per the examination priority schedule (described in Supervisory Memorandum 1004) and examinations started timely by the Department of Banking during the reporting period, less trust companies in liquidation or forfeiture of charter. An examination is the process by on-site or off-site review, to review and evaluate the records of a regulated entity to the extent necessary to determine compliance with applicable laws.

**Purpose**

The Department is under a statutory mandate regarding examination frequency. This measure indicates how well the agency is meeting its mandate.

**Data Source**

Bank and Trust Division staff enters into the Department's database all trust company examinations performed by the Department of Banking. Data is maintained on the total number of trust companies due for examinations per examination priority schedule and includes all trust companies examined by the Department.

**Methodology**

Total number of trust company examinations started within required timeframes (as defined by Administrative Memorandum 2041) divided by the number of examinations due during the reporting period.

**Data Limitations**

The number of trust companies receiving an examination within required timeframes could significantly decrease in the event of: (1) Material deterioration in the overall condition of the state's trust companies which would require a more frequent examination schedule; and (2) A significant increase in the number of new trust companies.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:**    **01-01.04 Percentage of Problem Institutions with Appropriate Supervisory Actions in Place**

**Definition**

Number of banks with a composite CAMELS (Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk) rating of 3, 4, or 5 with Cease & Desist Orders, Determination Letters, Memorandums of Understanding, Commitment Letters, Board Resolutions, or Letters of Agreement in effect at the time of the cut-off date for the reporting period, divided by number of banks with a composite CAMELS rating of 3, 4, or 5 as of the cut-off date.

**Purpose**

It is the Department's policy to impose a supervisory action on an institution which is not operating safely and soundly, to encourage and assist the institution in taking corrective action to improve its condition.

**Data Source**

Bank and Trust Division staff enters into the Department's database rating information about the condition of each bank after an examination is completed by the Department of Banking, FDIC, or the FRB. Data is maintained on the CAMELS rating of each institution.

**Methodology**

To calculate the percentage of problem institutions with appropriate supervisory actions, divide the number of 3, 4, or 5 rated banks with one of the administrative actions shown above either open or pending as of the fiscal quarter-end by the total number of banks rated a composite 3, 4, or 5 as of the same fiscal quarter-end date.

**Data Limitations**

This number could naturally increase if there were a substantial deterioration in the condition of the banking industry.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Meet target

## SCHEDULE B

### Performance Measure Definitions

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**Outcome Measure:** 01-01.05 Certificate of Accreditation by the Conference of State Bank Supervisors (CSBS) Maintained in Good Standing

**Definition**

Department is accredited by the CSBS as of the end of the reporting period. 100% - Department is accredited. 0% - Department is not accredited.

**Purpose**

CSBS accreditation is a national standard of excellence among financial regulators. The Department must maintain its accreditation in order to participate in supervision of interstate banking and maintain credibility among federal regulators and the national Congress.

**Data Source**

A certificate of accreditation is awarded to the Department. This is displayed in the reception area of the agency's headquarters building.

**Methodology**

Determine if the annual CSBS accreditation is in good standing. If so, answer "YES."

**Data Limitations**

None

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

To remain accredited

## SCHEDULE B

### Performance Measure Definitions

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**Output Measure:**      **01-01.06 Number of Bank Examinations Performed**

**Definition**

Number of regular, limited, abbreviated, joint, and concurrent examinations of banks by the Department of Banking started during the reporting period. An examination is the process by on-site or off-site review, to review and evaluate the records of a regulated entity to the extent necessary to determine compliance with applicable laws.

**Purpose**

This measure is an indication of the volume of examination activity. It consists of the number of commercial examinations performed by the Department including joint examinations with a federal agency during the fiscal quarter.

**Data Source**

Bank and Trust Division staff enters into the Department's database all bank examinations conducted by the Department of Banking, FDIC, or the FRB. Data is maintained on the total number of banks examined within any given time period.

**Methodology**

The measure is obtained by counting all independent Department of Banking and joint examinations performed during the fiscal quarter from the examinations started reports for commercial examinations.

**Data Limitations**

Consolidation from mergers and acquisitions within these entities could significantly reduce the number of institutions and therefore reduce the number of examinations performed.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target



## SCHEDULE B

### Performance Measure Definitions

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**Output Measure:** 01-01.07 Number of Foreign Bank Organization Examinations, Trust Company, Trust Department, and Information Technology (IT) Examinations and Other Specialized Reviews Performed

**Definition**

Number of FBO, trust company, trust department, and IT examinations and other specialized reviews by the Department of Banking started during the reporting period. This measure includes joint examinations with a federal agency, a bank holding company examination and the annual review of financial statements submitted by exempt trust companies.

**Purpose**

This measure is an indication of the volume of examination activity.

**Data Source**

Bank and Trust Division staff enters into the Department's database all foreign bank examinations, trust company, trust department, and IT examinations conducted by the Department of Banking, FDIC, or the FRB. Data is maintained on the total number of entities examined within any given time period.

**Methodology**

The total number is obtained by counting all independent Department of Banking examinations and joint examinations from the examination started reports for foreign bank agency and branch examinations, representative office examinations, trust companies, trust departments, bank holding companies, and IT examinations. The number of annual financial statements received for review is also included in this measure.

**Data Limitations**

The number of examinations could significantly decrease in the event of (1) Material deterioration in the overall condition of these entities, which would require more field office time to investigate the safety and soundness concerns; (2) A significant change in services or powers that could necessitate expanded examination time periods in order to fully investigate these new activities; (3) An inability of the federal banking authorities to meet their examination responsibilities due to a reallocation of personnel to other priorities (applicable to trust departments only); and (4) Consolidation of regulated entities through mergers and acquisitions.

On the other hand, the number of examinations could increase in the event of a significant influx of new charters.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

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**Efficiency Measure: 01-01.08 Average Direct Cost per Bank Examination**

**Definition**

Total direct bank examination costs expressed as a ratio of the number of examinations performed over the reporting period.

**Purpose**

To assist in review of the efficiency of the Department's examinations and to benchmark against other regulators.

**Data Source**

Bank and Trust Division staff prepare detailed time and expense reports in a Departmental database. Total bank and trust regional office expense is derived from the Department's accounting system.

**Methodology**

To calculate the assets examined per examiner day, run the Exams Completed Report in the database. for the appropriate fiscal quarter. Divide the sum of the total assets examined by the total independent examination hours and again divided by eight.

**Data Limitations**

Legislative increases in allowable travel expenses or statewide merit increase could increase this measure.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

## SCHEDULE B

### Performance Measure Definitions

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**Efficiency Measure: 01-01.09 Assets Examined per Examiner Day (in Millions)**

**Definition**

Total assets examined by the Department over the reporting period, divided by the days (hours divided by 8) related to those specific bank examinations.

**Purpose**

To assist in review of the efficiency of the Department's examinations and to benchmark against other regulators.

**Data Source**

Bank financial information is obtained during each examination and is uploaded into the Department's database.

**Methodology**

To calculate the assets examined per examiner day, run the Exams Completed Report in the database. for the appropriate fiscal quarter. Divide the sum of the total assets examined by the total independent examination hours and again divided by eight.

**Data Limitations**

This number could change dramatically if mergers and consolidation increase the asset size of a majority of our regulated entities. Further, the need to train examiners in new issues or an increase in the risk profile of institutions requiring more oversight could also affect this calculation.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## **SCHEDULE B**

### **Performance Measure Definitions**

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#### **Explanatory Measure: 01-01.10 Percentage of Banks Classified Safe and Sound**

##### **Definition**

The total number of state-chartered banks with a composite CAMELS rating of 1 or 2 and non-rated (new charters), divided by the total number of state-chartered banks as of the most recent calendar-quarter-end data available preceding the reporting period cut-off date.

##### **Purpose**

This measure is indicative of the condition of the state banking system.

##### **Data Source**

Bank and Trust Division staff enters into the Department's database rating information about the condition of each bank after an examination is completed by the Department of Banking, FDIC, or the FRB. Data is maintained on the CAMELS rating of each institution.

##### **Methodology**

Divide the total number of state-chartered banks rated 1 or 2 and non-rated (new charters) by the total number of state-chartered banks at the end of the reporting period. It should be further noted that new banks who have not yet been examined are considered safe and sound and/or in compliance with state requirements for calculation of this measure.

##### **Data Limitations**

The overall condition of a material number of institutions could deteriorate due to adverse economic conditions and substantially increase the percentage of banks not classified as safe and sound.

##### **New Measure**

No

##### **Calculation Method**

Noncumulative

##### **Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

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#### Explanatory Measure: 01-01.11 Number of Texas State-Chartered Banks

**Definition**

The total number of Texas state-chartered banks as of the reporting period cut-off date.

**Purpose**

This measure is indicative of the volume of banks under the agency's supervision.

**Data Source**

The Entity Count Report in the agency's database.

**Methodology**

Run the Entity Count Report in the agency's database, as of the last day of the appropriate fiscal quarter. Take the figure shown for state banks and subtract any limited banking associations limited to trust powers.

**Data Limitations**

The number of Texas state-chartered banks could materially increase with an influx of new charter or conversion activity and substantially decrease due to significant merger and acquisition activity.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

#### **Explanatory Measure: 01-01.12 Total Assets of Texas State-Chartered Banks (in Billions)**

**Definition**

Total assets of all state-chartered banks as of the reporting period cut-off date.

**Purpose**

This measure is indicative of the volume of bank assets under the agency's supervision.

**Data Source**

The Alpha/CAMEL report in the agency's database.

**Methodology**

The performance measure is the total for the total assets of all Texas state-chartered banks as of the reporting cut-off period. Total assets are as of the most recent calendar quarter-end.

**Data Limitations**

Total assets of state-chartered banks in Texas could materially increase with an influx of new charter or conversion activity or substantially decrease due to significant merger and acquisition activity.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

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**Outcome Measure:** **01-02.01 Percentage of Money Service Business (MSB) Licensees Examined Within Required Timeframes**

**Definition**

The Department has 12-month and 18-month examination cycles (described in Supervisory Memorandum 1023) for MSBs. The number of MSB license holders with examinations started by the Department of Banking, another state agency, the federal government, or an independent accounting firm over the 18-month period preceding the cut-off prior to the reporting date, divided by the number of MSB license holders required to be statutorily examined as of the cut-off date. An examination is the process by on-site or off-site review, including accepting the examination report of another state agency, to review and evaluate the records of a licensee that relate to the regulated activity to the extent necessary to determine compliance with applicable laws.

**Purpose**

This measure provides information regarding the extent to which the Department is adhering to the statutory requirements regarding examination frequency and demonstrates the effectiveness of the Department.

**Data Source**

Examination data is provided to the Division of Non-Depository Supervision staff at the agency's headquarters who enter this information into a Department database. The database produces reports that list: (1) MSB examinations started during the 18-month period preceding the cut-off prior to the reporting date and (2) MSB license holders required to be examined as of the cut-off date.

**Methodology**

The percentage is calculated by dividing the MSB examinations started during the 18-month period preceding the cut-off prior to the reporting date (Report 1 above) by the number of MSBs required to be statutorily examined as of the cut-off date (Report 2 above).

**Data Limitations**

Standards have been established in statute and by rule to ensure that examinations are performed within acceptable timeframes; however, the level of experience and efficiency of each examiner, along with retaining and hiring qualified examiners, can be limiting factors. This measure would also be affected by a significant increase or decrease in licensees.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target



## SCHEDULE B

### Performance Measure Definitions

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**Outcome Measure:** 01-02.02 Percentage of Prepaid Funeral Contract (PFC) Licensees Examined Within Required Timeframes

**Definition**

The Department has 12-month and 18-month examination cycles (defined in statute) for PFCs. The number of PFC license holders with examinations started by the Department of Banking over the 18-month period preceding the cut-off prior to the reporting date, divided by the number of PFC license holders required to be statutorily examined as of the cut-off date. An examination is the process by on-site or off-site review, by which the Department reviews and evaluates the records of a licensee that relate to the regulated activity to the extent necessary to determine compliance with applicable laws.

**Purpose**

This measure provides information regarding the extent to which the Department is adhering to the statutory requirements regarding examination frequency and demonstrates the effectiveness of the Department.

**Data Source**

Examination data is provided to the Division of Non-Depository Supervision staff at the agency's headquarters who enter this information into the Department's database. The database produces reports that list: (1) PFC examinations started during the 18-month period preceding the cut-off prior to the reporting date and (2) PFC license holders required to be examined as of the cut-off date.

**Methodology**

The percentage is calculated by dividing the PFC examinations started during the 18-month period preceding the cut-off prior to the reporting date (Report 1 above) by the number of PFCs required to be statutorily examined as of the cut-off period (Report 2 above).

**Data Limitations**

Standards have been established in statute and by rule to ensure that examinations are performed within acceptable timeframes; however, the level of experience and efficiency of each examiner along with retaining and hiring qualified examiners can be limiting factors. This measure would also be affected by a significant increase or decrease in licensees.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

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**Outcome Measure:**    **01-02.03 Percentage of Perpetual Care Cemetery (PCC) Licensees Examined Within Required Timeframes**

**Definition**

The Department has 12-month and 18-month examination cycles (described in Supervisory Memorandum 1031) for PCCs. The number of PCC license holders with examinations started by the Department of Banking over the 18-month period preceding the cut-off prior to the reporting date, divided by the number of PCC license holders required to be statutorily examined as of the cut-off date. An examination is the process by on-site or off-site review, to review and evaluate the records of a licensee that relate to the regulated activity to the extent necessary to determine compliance with applicable laws.

**Purpose**

This measure provides information regarding the extent to which the Department is adhering to the statutory requirements regarding examination frequency and demonstrates the effectiveness of the Department.

**Data Source**

Examination data is provided to the Division of Non-Depository Supervision staff at the agency headquarters who enters this information into the database. The database produces reports that list: (1) PCC examinations started during the 18-month period preceding the cut-off prior to the reporting date and (2) PCC license holders required to be examined as of the cut-off date.

**Methodology**

The percentage is calculated by dividing the PCC examinations started during the 18-month period preceding the cut-off prior to the reporting date (Report 1 above) by the number of PCCs required to be statutorily examined as of the cut-off period (Report 2 above).

**Data Limitations**

Standards have been established in statute and by rule to ensure that examinations are performed within acceptable timeframes; however, the level of experience and efficiency of each examiner along with retaining and hiring qualified examiners can be limiting factors. This measure would also be affected by a significant increase or decrease in licensees.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

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**Outcome Measure:** 01-02.04 Percentage of PCC and PFC Applications Processed Within Statutory Period

**Definition**

The number of PCC and PFC applications processed within the statutory periods, expressed as a ratio of the number of PCC and PFC applications processed during the reporting period.

**Purpose**

This measure provides an indication of the Department's compliance with the statutory requirements pertaining to PCC and PFC applications.

**Data Source**

All application processing data is maintained in the Department's database which produces reports for the applications processing function. The following information is maintained for each application: date of receipt, date of response, date of completion, days to complete, and date of final action. A report is also generated which lists all received, pending and approved applications during the reporting period. Staff in each of the two areas input data as applications are received and as the processing function takes place. The reports can be produced for any given date and are readily available to check the status of an application at any given time.

**Methodology**

A percentage is obtained by dividing the number of PCC and PFC applications processed within the statutory periods for the reporting period divided by the number of PCC and PFC applications processed during the same reporting period.

**Data Limitations**

Limitations include the level of experience of the staff who process the applications and understaffing. Operating procedures have been developed to ensure that applications are processed within the required time frame; however, the level of experience and efficiency of the staff and reviewing officials, along with retaining and hiring qualified employees are limiting factors.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Output Measure:**      **01-02.05 Number of Non-Depository Supervision Licensees Examined**

**Definition**

The aggregate number of MSB, PFC and PCC examinations started by the Department of Banking or another state agency or the federal government or of an independent accounting firm in the reporting period. An examination is the process by on-site or off-site review, to review and evaluate the records of a licensee that relate to the regulated MSB, PFC and PCC businesses to the extent necessary to determine compliance with applicable laws.

**Purpose**

This measure shows the total number of examinations started during a reporting period and can also be used to determine the percentage of licensees examined during that same period. This data is used by management to determine examiner efficiency, evaluate staffing requirements, schedule future examinations, and to assess the overall effectiveness of the Division of Non-Depository Supervision's examination program.

**Data Source**

Examination data is provided to the Division of Non-Depository Supervision staff at the agency's headquarters who enter this information into the Department's database. The database produces reports that list all examinations started for any given reporting period for each regulated area. Totals from these reports are combined to arrive at the total number of Non-Depository Supervision Licensees examined during the reporting period.

**Methodology**

Reports that list and detail the start date of each examination for a reporting period are generated in the database and the totals from these reports are added together to determine the number of Non-Depository Supervision examinations performed during a reporting period.

**Data Limitations**

Standards have been established in statute and by rule to ensure that examinations are performed within acceptable timeframes; however, the level of experience and efficiency of each examiner, along with retaining and hiring qualified examiners, can be limiting factors. This measure would also be affected by a significant increase or decrease in licensees.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Efficiency Measure: 01-02.06 Average Direct Cost per PFC and PCC Licensee Examination**

**Definition**

Total direct PFC and PCC licensee examination costs divided by the number of examinations started by the Department of Banking over the reporting period. An examination is the process by on-site or off-site review, to review and evaluate the records of a licensee that relate to the regulated activity to the extent necessary to determine compliance with applicable laws.

**Purpose**

To measure the average direct cost of each PFC and PCC licensee's examination performed over the reporting period. This measure provides an indication of the Department's use of its resources, personnel, and time as it relates to the examination of PFC and PCC licensees.

**Data Source**

Data used to calculate the average cost per PFC and PCC licensee examination is derived from the Department's accounting system. The system allocates all direct costs incurred by the Department which are associated with the examination of any PFC and PCC licensee during the reporting period. Data is collected and summarized by the accounting system as costs are incurred and charged as expenses. The number of licensee examinations performed over the reporting period is derived from the database report which lists each examination performed during the period and provides a total of the number of examinations performed over the reporting period.

**Methodology**

The total direct costs associated with the examination of any PFC and PCC licensee are divided by the number of examinations performed over the reporting period. The resulting figure is an average direct cost per PFC and PCC licensee examination.

**Data Limitations**

Legislative increases in allowable travel expenses or a statewide merit increase could increase this measure.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

## SCHEDULE B

### Performance Measure Definitions

---

**Efficiency Measure:** 01-02.07 Average Direct Cost per Money Services Business (MSB) Licensee Examination

**Definition**

Total direct MSB licensee examination costs, divided by the number of examinations started by the Department of Banking over the reporting period. An examination is the process by on-site or off-site review, including accepting the examination report of another state agency, to review and evaluate the records of a licensee that relate to the regulated activity to the extent necessary to determine compliance with applicable laws.

**Purpose**

To measure the average direct cost of each MSB licensee's examination performed over the reporting period. This measure provides an indication of the Department's use of its resources, personnel, and time as it relates to the examination of MSB licensees.

**Data Source**

Data used to calculate the average cost per MSB licensee examination is derived from the Department's accounting system which allocates all direct costs incurred by the Department which are associated with the examination of any MSB licensee during the reporting period. Data is collected and summarized by the accounting system as costs are incurred and charged as expenses. The number of licensee examinations performed over the reporting period is derived from the database report which lists each examination performed during the period and provides a total of the number of examinations performed over the reporting period.

**Methodology**

The total direct costs associated with the examination of any MSB licensee are divided by the number of examinations performed over the reporting period. The resulting figure is an average direct cost per MSB licensee examination.

**Data Limitations**

Legislative increases in allowable travel expenses or a statewide merit increase could increase this measure.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Lower than target

## **SCHEDULE B**

### **Performance Measure Definitions**

---

#### **Explanatory Measure: 01-02.08 Dollar Amount of Prepaid Funeral Contracts (PFC) in Force (in Billions)**

##### **Definition**

The total dollars (aggregate) in PFC held by PFC licensees regulated by the Department of Banking at the close of the most recent calendar year.

##### **Purpose**

Provides an indication of the dollar volume of prepaid funeral contracts regulated by the Department of Banking. This measure assists in determining industry trends and growth patterns, assessing personnel needs, and evaluating examination policies and procedures.

##### **Data Source**

Data is derived from the most recent Departmental examination report of each licensee. The reports contain the total dollar amount and number of prepaid funeral contracts held by the licensee as of the most recent examination. Data contained in the reports is entered into the database. A report is produced summarizing the total number of prepaid contracts and dollars sold.

##### **Methodology**

The Department's database, containing each licensee's total number of outstanding contracts and total dollar amount of outstanding contracts, produces a report which provides a total of the aggregate total dollar amount in prepaid funeral contracts held by PFC licensees.

##### **Data Limitations**

The number of contracts and/or the dollar amount of outstanding contracts reported by each licensee at the most recent examination is dependent on information provided by the licensee.

##### **New Measure**

No

##### **Calculation Method**

Noncumulative

##### **Target Attainment**

Higher than target



## SCHEDULE B

### Performance Measure Definitions

---

#### Explanatory Measure: 01-02.09 Number of Non-Depository Supervision Licensees

**Definition**

Total number of Non-Depository Supervision licensees as of the reporting period cut-off date.

**Purpose**

Provides an indication of the total number of entities licensed by the Department of Banking and under the supervision of the Division of Non-Depository Supervision. This measure is useful for determining industry trends and growth patterns of the three areas (PCC, PFC, and MSB) within the Division of Non-Depository Supervision. Information is also useful to assess personnel needs and to evaluate regulatory policies and procedures for each area.

**Data Source**

Each of the three areas within the Division of Non-Depository Supervision (PCC, PFC, and MSB) maintains in the database a master list, which shows each licensed entity. An entity is transferred to the master list upon becoming an active license.

**Methodology**

Totals from each area's master listing of licensees as of the reporting period cut-off date are combined to arrive at the total number of Division of Non-Depository Supervision licensees as of the reporting period cut-off date.

**Data Limitations**

The number of licensees could fluctuate depending on the number of new licensees and/or the surrendering or revocation of licenses.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Explanatory Measure: 01-02.10 Percentage of Non-Depository Supervision Licensees Classified Safe and Sound**

**Definition**

The total number of MSB, PFC and PCC licensees with a uniform risk rating of 1, 2, or 3, divided by the total number of MSB, PFC and PCC licensees examined as of the most recent fiscal quarter-end.

**Purpose**

This measure is indicative of the condition of MSBs, PFCs and PCCs licensed in this state.

**Data Source**

The Division of Non-Depository Supervision staff enters into the database rating information for each Non-Depository Supervision licensee after an examination is completed by the Department of Banking or another state agency or the federal government. Data is maintained on the uniform risk rating of each Non-Depository Supervision licensee.

**Methodology**

Divide the total number of MSB, PFC and PCC licensees with a uniform risk rating of 1, 2, or 3, by the total number of Non-Depository Supervision licensees examined at least once at the end of the reporting period.

**Data Limitations**

The overall condition of a material number of licensees could deteriorate due to adverse economic conditions and substantially increase the percentage of licensees not classified as safe and sound.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** **01-03.01 Percentage of Applications and Notices for Banks, Trust Companies, Money Service Businesses (MSB), and Check Verification Companies (CVEs) Processed within Statutory Time Periods**

**Definition**

The number of applications and notices for banks, trust companies, MSBs, and CVEs processed within the statutorily required periods, expressed as a ratio of the number of such applications processed during the reporting period. The time periods for completing these activities are prescribed by rule or statute.

**Purpose**

This measure shows the extent of compliance with statutory and rule limitations on the time allowed for corporate processing. A high percentage of compliance is suggestive of an efficient and effective division that is responsive to the requests of the applicants. Processing deadlines bring some certainty to the process and recognition of lost opportunity costs to the applicants. Further, a high percentage of compliance helps the Department remain competitive vis-à-vis other banking regulatory agencies.

**Data Source**

Data is derived from the Department's database. Corporate Activities Division staff make the initial entry including the received date for all corporate filings from information supplied by applicants. Additional entries are made to indicate acceptance for filings, requests for additional information and date of decision.

**Methodology**

The ratio is computed by dividing the number of compliant initial-reply and processing time limits for applicable corporate filings divided by the total number of initial-reply and processing time limits that are mandated for applicable corporate filings. The database produces reports that (1) lists all corporate filings with initial reply and processing times compared to mandated limits and (2) totals all compliant and non-compliant initial reply and processing times for each transaction type.

**Data Limitations**

Standards are established in statute and by rule to ensure that all corporate filings, especially those subject to rule or statutory time limits, are performed timely; however, the Department has no control over the number or types of applications submitted during a particular time period. In some instances, the Corporate Activities Division is dependent upon the actions of others in order to reach a decision. For example, a conversion examination by the Bank and Trust Division must be completed before a decision can be rendered. Additionally, because the Commissioner is the only person authorized to make decisions on some types of applications, processing may extend beyond the required timeframe because of scheduling conflicts.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Output Measure:** 01-03.02 Number of Applications and Notices Processed for Banks, Trust Companies, Money Service Businesses (MSB), and Check Verification Companies (CVEs).

**Definition**

Number (aggregate) of applications and notices completed for banks, trust companies, MSBs, and CVEs.

**Purpose**

This data is used to judge not only the types of activities undertaken by the regulated entities, but to predict future performance of the regulated industries. In most instances the Texas public will feel the effect of these actions and the economic health of the state will be affected. Agency staffing and training requirements can also be impacted based upon the types of filings.

**Data Source**

Data is derived from the Department's database. Corporate Activities Division staff make the initial entry including received date for all corporate filings from information supplied by applicants. Additional entries are made to indicate acceptance for filing, requests for additional information, and date of decision.

**Methodology**

A pre-defined report format for this measure is contained within the database. The report allows the user to select a beginning and ending date, which is typically a fiscal quarter. The resulting report then lists, by type of filing, the respective number of corporate submissions by one of the following four categories: approved/no objection, denied, information, or withdrawn. The report also provides a total for each type as well as a grand total. The number used for the performance measure takes the total for the number of submissions less the total number of information filings for the applicable reporting period.

**Data Limitations**

Standards are established in statute and by rule to ensure corporate submissions are performed timely; however, the Department has no control over the number or types of filings submitted during a particular time period. In some instances, the Corporate Activities Division is dependent upon the actions of others in order to reach a decision. For example, a conversion examination by the Bank and Trust Division must be completed before a decision can be rendered. Additionally, because the Commissioner is the only person authorized to make decisions on some types of applications, processing may extend beyond the required timeframe because of scheduling problems. Further, the number and timing of submissions received by the Corporate Activities Division is a function of the private sector and, as such, is beyond the control of the Division.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-04.01 Percentage of Written Complaints Closed Within 90 Days

**Definition**

The percentage of written complaints filed against regulated or licensed entities closed within 90 calendar days of receipt.

**Purpose**

The Department's policy is to act on all formal written complaints from the public regarding the entities that we license and/or regulate within the prescribed timeframe. This measure indicates how well the agency is meeting the mandate.

**Data Source**

Data is derived from databases administered by the Strategic Support and Non-Depository Supervision Divisions. The complainant information, including the date received and closed, is entered into the applicable databases by the applicable division staff.

**Methodology**

The measure is calculated by dividing the total number of formal written complaints that were closed in 90 calendar days or less by the total of all formal written complaints closed by the Strategic Support and Non-Depository Supervision Divisions during the same reporting period.

**Data Limitations**

Various governing statutes allow 30 days for the entity to reply to a complaint. The percentage closed could naturally decrease if there are a substantial number of complex complaints. The resolution of complaints requires cooperation from regulated entities and a delay in an entities' response could extend the processing time.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

**Output Measure:** 01-04.02 Number of Written Complaints Closed

**Definition**

The number of written complaints filed against regulated or licensed entities closed over the reporting period.

**Purpose**

This measure reflects the number of formal written complaints received and closed from the public regarding the entities that we license and/or regulate.

**Data Source**

Data is derived from Department databases administered by the Strategic Support and Non-Depository Supervision Divisions. The complainant information, including the date received and closed, is entered into the applicable databases by the applicable division staff.

**Methodology**

The measure is calculated as the sum of the total number of formal written complaints processed and closed by staff in the Strategic Support and Non-Depository Supervision Divisions during the reporting period.

**Data Limitations**

The number of complaints received may fluctuate based on consumer issues during the reporting period. The level of complaints cannot be controlled by the Department.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Meet Target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-05.01 Percentage of Regular Employees Separated from the Agency

**Definition**

The percentage of employees separated from the agency during the reporting period.

**Purpose**

Staff turnover is an important way to measure both the effectiveness of the human resources management system and the overall management of the agency. If turnover is high, the agency must incur additional costs of hiring new staff; these costs include interviewing, checking references, and start-up training, among others. Retention of qualified staff, or lack thereof, can impact productivity and performance.

**Data Source**

Data is derived from the Department database administered by Human Resources. The hire date and separation date are entered into the applicable database by the division staff.

**Methodology**

To calculate this quarterly, divide the number of separations during the reporting period by the average number of employees during the fiscal year, expressed as a percent. To calculate this annually, divide the number of separations during the fiscal year by the average number of employees during the fiscal year.

**Data Limitations**

The number of separations may fluctuate during the reporting period and cannot be controlled by the Department.

**New Measure**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

Meet Target



## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-05.02 Percentage of Regular Employees Separated from the Agency (Excluding Retirements)

**Definition**

The percentage of employees separated from the agency during the reporting period, excluding retirements.

**Purpose**

Staff turnover is an important way to measure both the effectiveness of the human resources management system and the overall management of the agency. If turnover is high, the agency must incur additional costs of hiring new staff; these costs include interviewing, checking references, and start-up training, among others. Retention of qualified staff, or lack thereof, can impact productivity and performance.

**Data Source**

Data is derived from the Department database administered by Human Resources. The hire date and separation date are entered into the applicable database by the division staff.

**Methodology**

To calculate this quarterly, divide the number of separations minus retirements during the fiscal year by the average number of employees during the reporting period, expressed as a percent. To calculate this annually, divide the number of separations minus retirements during the fiscal year by the average number of employees during the fiscal year.

**Data Limitations**

The number of separations may fluctuate during the reporting period and cannot be controlled by the Department.

**New Measure**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

Meet Target

## SCHEDULE B

### Performance Measure Definitions

---

**Outcome Measure:** 01-05.03 Percentage of Actual Expenditures to Budgeted Expenditures

**Definition**

The percentage of actual expenditures to budgeted expenditures.

**Purpose**

To determine budgeting accuracy and efficient use of resources.

**Data Source**

Data is derived from the Department's internal accounting system, Abila MIP accounting software.

**Methodology**

To calculate this quarterly, use the total actual expenditures divided by total budgeted expenditures for the reporting period. To calculate this annually, use the total actual expenditures divided by total budgeted expenditures for the fiscal year.

**Data Limitations**

Unanticipated expenditures, which may not be controlled, can occur during the reporting period.

**New Measure**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

Meet Target

**SCHEDULE B**  
**Performance Measure Definitions**

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# SCHEDULE C

## Historically Underutilized Business Plan

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### HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PLAN

#### HUB POLICY

The Department of Banking has adopted a policy to achieve the proportional Historically Underutilized Businesses (HUB) expenditure targets established by the Texas Comptroller of Public Accounts. As part of this policy, the Department will make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts that are expected to be awarded in a fiscal year. Whenever possible and practical, the Department purchases from HUBs regardless of dollar value.

When purchasing goods and services, the Department utilizes the Comptroller of Public Accounts Statewide Procurement Division’s (SPD) Centralized Master Bidders List (CMBL), which includes all certified HUB vendors. Any noncertified HUB vendors identified by the Department during this process are encouraged to obtain certification by the SPD.

#### HUB ACTIVITY

The Department routinely monitors its progress toward achieving the SPD HUB goals. Over the last several years, the Department has exceeded its HUB targets in the categories of Professional Services and Commodities Contracts.

#### STATE HUB GOALS COMPARED TO DEPARTMENT OF BANKING FISCAL YEARS

Contracts	State Goal	Agency FY 2019	Agency FY 2018	Agency FY 2017	Agency FY 2016
<b>Professional Services Contracts</b>	<b>23.7%</b>	100%	100%	54.58%	63.04%
<b>Commodities Contracts</b>	<b>21.1%</b>	22.77%	76.23%	60.88%	74.4%

**SCHEDULE C**  
**Historically Underutilized Business Plan**

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**SCHEDULE D**  
**Statewide Capital Plan**

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Not Applicable to the  
Texas Department of Banking Strategic Plan

**SCHEDULE E**  
**Health and Human Services**

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Not Applicable to the  
Texas Department of Banking Strategic Plan

# WORKFORCE PLAN

Fiscal Years 2021 to 2025



Texas Department of Banking

June 2020



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# SCHEDULE F

## WORKFORCE PLAN 2021-2025

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## I. DEPARTMENT OVERVIEW

The Department of Banking's (Department) mission is carried out primarily through chartering, licensing, examination, supervision, and consumer assistance. Regulated entities receive examinations and off-site monitoring to ensure they are operating in a safe and sound manner and complying with state and federal laws. The ability to adequately supervise the entities under the Department's jurisdiction requires that sufficient support be provided to our financial examiners, as well as the regulated entities through professionalism, technology, legal services, communication, and administrative services.

The Department is a Self-Directed, Semi-Independent (SDSI) agency operating under the oversight of the Finance Commission of Texas (FC). As a SDSI agency, the Department is not required to have its budget approved by the Legislature. The FC is responsible for setting the spending authority or limits for the agency each year.

The Department competes with financial service providers, other state agencies, and federal regulatory agencies for its professional examination staff. The agency is authorized to have 194 full-time equivalent (FTE) employees and as of March 31, 2020, it employed 175 individuals, the majority of whom are financial examiners. The Bank and Trust Supervision Division is staffed with 96 field examiners and the Non-Depository Supervision Division is staffed with 17 field examiners. As of March 31, 2020, there are 15 vacant financial examiner positions.

To reduce turnover in the financial examiner series, the Department continues to adjust financial examiner salaries to better align with federal regulatory agencies. This approach has led to an overall decline in examiner turnover. Financial examiner turnover in fiscal year (FY) 2018 was 11.29%. In FY 2019, financial examiner turnover was 10.57%. As of March 31, 2020, financial examiner turnover for FY 2020 was 6.61%.

The Department has worked diligently to reduce turnover and must continue the same efforts to sustain a qualified workforce. Past banking crises have highlighted the need to retain a sufficient number of trained and tenured staff in order to be prepared to address adverse events that will occur in the next down cycle. The Department must be ready for these contingencies rather than become complacent during times of prosperity. To remain competitive with federal regulators, the agency continues efforts to maintain examiner salaries up to 95% of the Federal Deposit Insurance Corporation (FDIC) salaries, with a goal of achieving parity. With SDSI status, the agency can adjust salaries as needed to remain competitive.

Offering competitive incentives and career opportunities remains a priority. Although the burden cannot be fully eliminated, the Department continues to search for avenues to reduce the onus and necessity of travel. Examination personnel spend a significant amount of their time away from home to conduct on-site examinations. To reduce travel time and provide a more family-friendly arrangement, all offices have implemented flexible 40-hour work week schedules that allow examiners to take either every Friday or every other Friday off. The Pre-Examination Program (PREP) is utilized to allow examiners to perform certain procedures prior to traveling on-site to the regulated entity. Enhanced imaging methods used by licensees to provide documents in advance has also contributed to reduced travel. Technological improvements in the agency's infrastructure, such as increased bandwidths and the secure data exchange portal (DEX), have enhanced the Department's information exchange capabilities. Further, the Department is implementing the Examination Modernization Project which will provide examination process changes that promote offsite examination work when it can be done without jeopardizing the effectiveness of the examination. The combination of these efforts reduces the regulatory burden on supervised institutions while simultaneously contributing to a better work-life balance for employees. Furthermore, a stipend program to compensate for the burden of prolonged travel is available to individuals who meet a minimum number of nights in "stay-out" travel status on an annual basis.

The Department also offers a Student Educational Employment Program (SEEP), which is a paid internship program in partnership with Texas A&M University, Sam Houston State University, Stephen F. Austin State University, Texas Tech University, and other universities with dedicated banking programs. The purpose of the SEEP is to introduce students to a financial examiner career. Interns who are successful in the SEEP

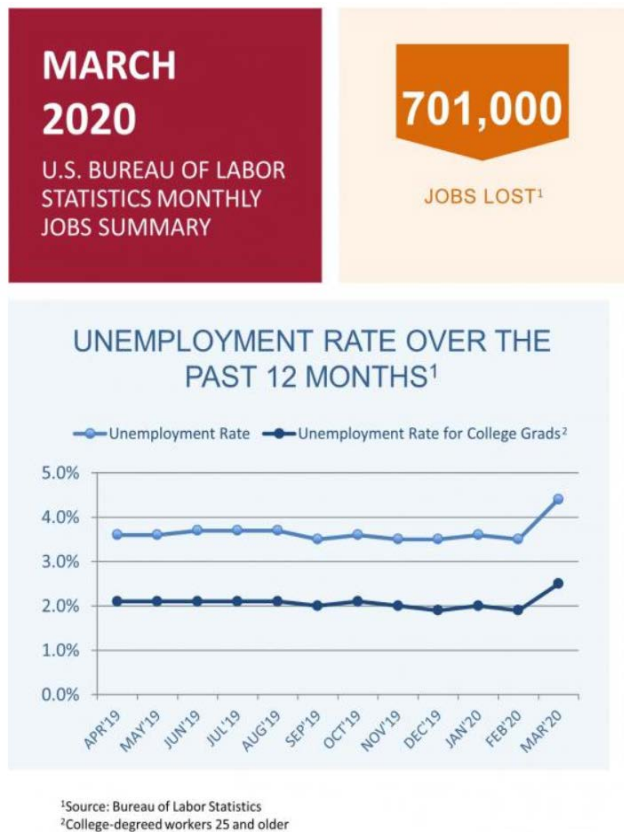
# Workforce Plan 2021-2025

program (as evaluated by the Regional Director) are offered employment as a Financial Examiner I upon graduation, contingent on positions being available and the student's ability to meet the minimum qualifications for the position.

## II. WORKFORCE PLAN FOCUS

Key economic and environmental factors affecting the Department's workforce over the next five years include: increased unemployment rate in Texas due to the Coronavirus Disease 2019 (COVID-19) pandemic; turnover and retention of financial examiners; an aging workforce; introduction of a new generation of workers; increased ethnic diversity; and technological advancements that improve efficiency and productivity.

The Texas unemployment rate as of December 2019 was 3.5%, up a tenth of a percentage point from 3.4% in November 2019<sup>1</sup>. Due to the COVID-19 pandemic, the unemployment rate in the coming months will likely increase significantly, however, the overall impact of the pandemic remains unknown. The United States unemployment rate jumped to 4.4% in March 2020, the highest since August 2018 and well above the market expectations of 3.8%, as the COVID-19 crisis threw millions out of work. "The unemployment rate in the United States is expected to be 15.0% by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate the unemployment rate in the United States to stand at 19.0% in 12 months' time. In the long-term, the United States Unemployment Rate is projected to trend around 15.0% in 2021 and 12.9% in 2022, according to our econometric models."<sup>2</sup> Future increase in unemployment rates has the potential to provide the Department with a larger pool of qualified applicants that will positively impact recruiting efforts.



<sup>1</sup> Texas Workforce Commission, January 24, 2020

<sup>2</sup> Trading Economics, United States Unemployment Rate 2021-2022 Forecast

## Workforce Plan 2021-2025

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According to the Society for Human Resources Management, the top three job satisfaction contributors by level of importance to employees are:

- Respectful treatment of all employees at all levels;
- Compensation/Pay; and
- Trust between employees and senior management.<sup>2</sup>

In December 2019, Department staff participated in the Survey of Employee Engagement conducted by the Institute for Organizational Excellence at the University of Texas at Austin. The results reflect that Department employees have a higher level of engagement than the national average. Maintaining this level of engagement continues to be a priority.

Level of Engagement	Highly Engaged	Moderately Engaged	Disengaged
Department Results	61%	34%	5%
Nationwide Polling Results	30%	50%	20%

In addition to employee retention efforts, a shift in recruiting strategies is being considered. The next generation entering the job market (Generation Z, also known as iGeneration and Post-Millennials) has an increased preference for using mobile devices, including when searching for employment.<sup>3</sup> The Department may consider subscribing to more online and app-based job search platforms. Increased usage of technology will continue to be an area of focus in all aspects of business.

Institutions seeking to hire trained examiners with higher salary and benefits options will likely continue to affect the Department’s ability to retain experienced examiners. The agency’s challenge over the next five years will be to maintain a reasonable turnover rate while preparing for the impact of the departure of a significant number of retiring workers. The Department continues to plan for an array of possibilities for future retention and adjustment initiatives.

Financial Examiner Turnover by Fiscal Year										
FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020*
6.1%	11.4%	17.0%	8.2%	9.1%	12.5%	11.1%	9.2%	11.3%	10.6%	6.6%

*\*As of March 31, 2020*

In FY 2018, financial examiner turnover totaled 14 employees. This included four retirements, two involuntary separations, and eight resignations. Of the eight resignations, five employees left for employment with banks, one left for employment in private industry, one transferred to another state agency, and two cited personal reasons for leaving.

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<sup>2</sup> Society for Human Resources Management, Employee Job Satisfaction and Engagement: The Doors of Opportunity are Open. (2017).

<sup>3</sup> Society for Human Resources Management, Using Social Media for Talent Acquisition – Recruitment and Screening, (January 2016).

# Workforce Plan 2021-2025

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In FY 2019, financial examiner turnover totaled 13 employees. This included three retirements and ten resignations. Of the ten resignations, five individuals left for employment with banks, one for a federal regulatory agency, and four cited personal reasons for leaving.

In FY 2020, there have been eight financial examiners who have either voluntarily or involuntarily left the Department. Financial examiner turnover between September 1, 2019 and March 31, 2020 includes one involuntary separation, two retirements, one employee transferred to another state agency, one employee left to work for a bank, and three left to work in private industry.

## **A. TRENDS AND FACTORS AFFECTING THE RETENTION OF FINANCIAL EXAMINERS**

The Department's examiner positions require highly skilled and educated employees. The competition to hire and retain these workers is an on-going challenge. The Department continually reviews its training programs and compliments external curriculums with in-house schools that target specific educational needs of the examination staff. The Department implemented a Financial Examiner III-B level within the classification of the financial examiner series allowing for a salary increase after passing Phase I of the Bank Examination Testing System (BETS). Providing rewards and incentives has helped the agency's retention of qualified staff. Examples of the agency's efforts that have been implemented include:

- Non-competitive promotion through the Financial Examiner VI classification;
- Development of career paths into specialty areas – Information Technology (IT), Trust, Bank Secrecy Act/Anti Money Laundering (BSA/AML), Capital Markets, and Large Bank Supervision;
- Frequent overnight stay-out travel stipend program, if funds are available;
- Flexible work schedules to accommodate employees and their families;
- One-time or permanent merit-based pay increases; and
- An Employee Education Reimbursement Program.

The Department continues to use a work style profile tool in the hiring process. The profile tool helps to identify candidates that have inherent work style characteristics conducive to our supervisory responsibilities, a propensity for the rigors of frequent travel, and a desire to establish a long-term career with one employer. The screening appears to help identify candidates best suited for employment. The Department also includes prior work experience, preferably with a financial institution, and bilingual skills as preferred qualifications of potential candidates. The use of competency-based interviewing also helps the Department better identify the most qualified and potentially successful candidates.

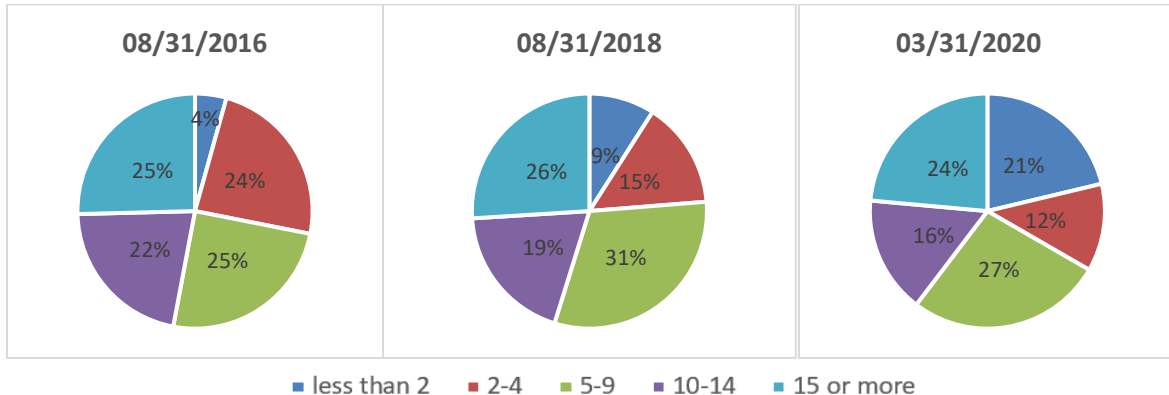
The Department must continue to curb turnover at the lower and mid-career financial examiner levels. These examiners must be cultivated, trained, and retained to replace departing and retiring employees. Internal policy prescribes that an assistant examiner has seven years to complete the core training curriculum and pass an internal test, BETS, to become a qualified commissioned examiner. Without continued competitive salaries, the Department will have difficulty retaining trained personnel and competing for qualified candidates. Further, it is expected that there will be much greater demand and competition for highly skilled workers.

Pay is identified as the lowest scoring construct of the Survey of Employee Engagement for Department employees. This construct captures employees' perceptions about how well the compensation package offered by the organization holds up when compared to similar jobs in other organizations. Lower scores suggest that pay is a central concern or reason for discontent and is not comparable to similar organizations. Although pay was the lowest scoring construct (358), according to the interpretation guidelines of this report, scores typically range from 300 to 450, and 350 is a tipping point between positive and negative perceptions. The lowest score for a construct is 100, while the highest is 500. The Department's overall score for all constructs in the Survey of Employee Engagement is 408, indicating that overall employee engagement is high.

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In an effort to address employee concerns about compensation, the Department contracted a private firm to develop a comprehensive compensation strategy. The project encompasses market salary data analysis, compensation system design, internal and external alignment solutions, identification of career paths, and an effective total compensation program communication plan. The firm is expected to complete their work by the end of June 2020.

## B. DEPARTMENT OF BANKING TENURE



The short-term goal of the Department is to maintain a two to one ratio of commissioned examiners to non-commissioned assistant examiners with a longer-range goal of a four to one ratio. The long-term goal of the Department is to retain the commissioned examiners with five to twelve years of experience to reach the staffing plan goal of 88% commissioned examiners in Bank and Trust Supervision. Non-Depository Supervision's goal is 71% senior examiners. The charts above show that in the past four years the Department has achieved a balanced workforce tenure distribution that has allowed for the transfer of institutional knowledge on a more equally allocated scale.

## C. TRENDS AND FACTORS RELATED TO THE AGING WORKFORCE

Within the next five years, 31% of the Department's workforce will be eligible to retire. Of this group, 71% are eligible to retire today. The loss of these employees combined represents over 1,000 years of experience.

Most demographic experts estimate that the number of people over the age of 65 will double over the next few decades, impacting the workplace in a few ways. The aging workforce and issues related to succession planning will become crucial as baby boomers continue to retire and Generation X begins nearing retirement eligibility. In response, the Department continues to bring Department and industry (bankers, former federal regulators) retirees back into the workforce to fill the gap between examiners early in their careers and the long tenured experienced examiners. This facilitates the education process of new examiners and relieves experienced examiners of some training duties, allowing them to focus on other assignments. Hiring and retaining older workers also helps retain valuable skills, address workforce shortages, and increase workplace diversity.

The Department has made considerable progress in balancing the financial examiner workforce to reach the desired percentage of assistant examiners to senior examiners.

The ability to maintain competitive salaries with federal counterparts increases the Department's ability to recruit commissioned and experienced examiners from federal employers, as well as retain staff who have been historically lost to federal counterparts.

The aging workforce necessitates developing non-traditional workplace and employment relationships, such as short-term and part-time assignments.



## Workforce Plan 2021-2025

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Succession planning is a priority as retirement and other turnover factors continue to grow. In the next five years, 72% of senior management is eligible to retire. Preparing qualified staff to step into these crucial roles will require the agency to offer training programs that develop managerial skills. The Department regularly sponsors eligible employees to attend various courses held by the Governor's Center for Management Development and other educational opportunities aimed at developing management skills. Since FY 2017, the Department has sponsored a formal internal Leadership Program. Directors and selected financial examiners are candidates for this program. Pertinent to the success of this transition is retaining mid-level tenured staff to replace high-level employees who move into these leadership roles.

### **D. INCREASING DIVERSITY**

The Department continues to emphasize the need for workplace diversity and to strive for a workforce reflective of the racial and gender composition of the statewide workforce. According to the May 2011 Issue of the 2010 Census Briefs, Hispanics are the nation's largest minority group and account for the majority of births in some states. The 2010 Census reports that the Hispanic population accounted for over half the growth of the total population in the United States between 2000 and 2010.

The Texas Demographic Center, December 2019 brief on population estimates indicates that non-Hispanic Whites saw declines while Hispanics experienced increases in their share of the state population across all age groups, and all the other race / ethnicity groups saw relatively stable shares of the state population across all age groups.

The shift in demographics increases the demand for multilingual training and information. The Department includes fluency in Spanish as a preferred qualification for certain job postings to better serve our regulated entities and their customers. Recruiting activities include representation at job fairs at many diverse universities in the state and distribution of job announcements to minority organizations.

With advances in public health and medicine, Americans are living longer and working longer, resulting in an unprecedented transformation of the workplace. Employers are managing a four-generation workplace. Managing the needs of workers with generational differences is a challenge that must be continually addressed. For example, a growing group of workers are caregivers who are trying to balance their work and caregiving roles, while others are seeking more flexibility with work at home opportunities to reduce commute times.

### **E. VETERANS WORKFORCE GOALS**

The 84<sup>th</sup> Legislature amended and added to Texas Government Code, Section 657.004, requirements for State agencies to meet a veteran employment goal of hiring veterans in full-time positions to equal at least 20% of the total number of employees. Included in the law are requirements to interview a certain percentage of qualified veterans for each open position. The agency takes advantage of the resources of the Texas Veterans Commission and the Texas Workforce Commission. The FY 2020 second quarter Veterans Workforce Summary reflects that veterans represent 6% of the Department's workforce.

### **III. DEPARTMENT OF BANKING MISSION**

The mission of the Department of Banking is to ensure Texas has a safe, sound, and competitive financial services system.

### **IV. AGENCY GOALS AND ACTION PLANS**

The Department's mission is accomplished primarily by the examination and monitoring of the chartered and licensed entities under our supervision. To meet our goals and fulfill our mission, the Department will abide by these core values and operating principles:

- Adhere to the highest ethical and professional standards.
- Be statutorily accountable and responsible.
- Anticipate and respond to a dynamic environment.
- Identify and promote innovative practices.
- Operate efficiently and maintain consistent and prudent regulatory standards.
- Communicate effectively.
- Foster teamwork while encouraging individual excellence and career development.
- Provide a desirable work environment that values cultural and individual differences.
- Seek input from and be responsive to the public, our supervised entities, and State leadership.
- Adhere to the principle of "Tough but Fair" regulatory oversight.

# Workforce Plan 2021-2025

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## AGENCY GOAL AND ACTION PLAN

### Goal: Effective Bank and Trust Regulation

Ensure timely, fair, and effective supervision and regulation of the financial institutions under our jurisdiction. The regulatory process promotes a stable banking and financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, federal banking regulators, and other government agencies.

### Actions Required to Achieve Goal

- Conduct commercial bank, trust company, foreign bank agency, and foreign representative office examinations, in cooperation with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Bank (FRB), while conforming with the Department's examination priority schedule and in a thorough, accurate, and timely manner.
- Maintain contact with, and monitor the condition of, regulated entities between examinations through processes which include an off-site monitoring program. Continue to improve off-site monitoring processes by augmenting our technology platforms.
- Research and report on changing industry, statutory, and economic conditions, especially with the effects from Coronavirus Disease 2019 (COVID-19) and develop appropriate supervisory strategies to adapt to these changes.
- React timely and appropriately when needed to implement disaster preparedness plans, evaluating, and adjusting to changing situations as needed to continue to provide effective oversight of regulated entities.
- Monitor the industry status and engage in regular communication with federal regulators (FDIC and FRB) and the Conference of State Bank Supervisors (CSBS).
- Promote cybersecurity awareness and best practices among our regulated entities.
- Maintain a cybersecurity tracking system for institutions that report cybersecurity incidents as required by the new notification rules for state-chartered banks and trust companies effective January 2, 2020.
- Ensure financial institutions are prepared to implement the Financial Accounting Standards Board's Current Expected Credit Losses (CECL) accounting methodology and transition away from use of the London Inter-Bank Offered Rate (LIBOR).
- Identify and investigate fraudulent activities.
- Ensure correction-oriented enforcement actions are taken, as appropriate, against regulated entities that demonstrate higher than normal weakness or risk, including consideration of noncompliance with laws, regulations, and policies.
- Maintain sufficient regulatory resources in the event of industry deterioration or systemic industry problems, the reallocation of federal regulatory resources away from Texas, a significant increase in the regulated asset base or a substantial loss of examiners.
- Optimize efficiencies in the examination process utilizing electronic examination tools and the Department's secure electronic data exchange portal (DEX) to share information with regulated

## Workforce Plan 2021-2025

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entities and federal counterparts.

- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- Maintain accreditation status by CSBS.

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## AGENCY GOAL AND ACTION PLAN

### Goal: Effective Regulation of Non-Depository Licensees

Ensure timely, fair, and effective supervision and regulation of the non-depository licensees under our jurisdiction. The regulatory process promotes a stable financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, and other government agencies.

### Actions Required to Achieve Goal

- Conduct Money Services Business (MSB), Prepaid Funeral Contract (PFC), and Perpetual Care Cemetery (PCC) examinations, in conformance with the Department's examination priority schedule and in a thorough, accurate, and timely manner. In addition, conduct MSB examinations in cooperation with federal and other state regulatory entities.
- Maintain contact with, and monitor the condition of, regulated entities between examinations.
- Monitor fluctuations in economic conditions, especially effects from COVID-19, that will impact non-depository financial service providers.
- Promote cybersecurity awareness and best practices among regulated entities.
- Maintain a cybersecurity tracking system for cybersecurity incidents reported by MSBs, as required by the new notification rule for MSBs effective January 2, 2020.
- Actively participate in the Multi-State MSB Examination Task Force (MMET) and the Money Transmitter Regulators Association (MTRA) and its various committees to promote a nationwide framework for cooperation and coordination among state regulators to ensure a uniform regulatory oversight of the MSB industry.
- Maintain MSB examination efficiencies through cooperation and coordination among states by developing uniform examination procedures and practices and actively participating in the standardization of a networked supervision approach. Participation in the MMET multi-state networked supervision system allows the Department to conserve resources and minimize the regulatory burden on supervised entities while achieving our objectives.
- Optimize efficiencies in the examination process utilizing electronic examination tools and DEX to share information with regulated entities and federal counterparts.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Research and report on changing industry, statutory, and economic conditions and develop appropriate supervisory strategies to adapt to these changes.
- Monitor the industry's status and developments in new consumer trends and engage in regular communication with federal and state regulators.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Obtain feedback from license holders regarding proposed rule changes.

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- Identify and investigate non-licensed entities and fraudulent activities.
- Ensure proper enforcement actions are taken against unlicensed entities to bring such entities into compliance with rules and regulations.
- Ensure correction-oriented enforcement actions are taken against regulated entities that demonstrate noncompliance with rules and regulations.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- Receive CSBS's inaugural MSB accreditation in 2021 and maintain status.
- Review the Division's disaster preparedness during the COVID-19 pandemic and make appropriate adjustments to contingency plans.
- React timely and appropriately when needed to implement disaster preparedness plans, evaluating, and adjusting to changing situations as needed to continue to provide effective oversight of regulated entities.

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## AGENCY GOAL AND ACTION PLAN

### Goal: Effective Regulation Through Corporate Activities

Provide an effective process to evaluate and act upon corporate filings requesting to initiate, expand, or modify financial services to Texans. In doing so, ensure that the prospective owners, managers, and operators of financial service entities are capable of offering citizens of Texas access to convenient, safe, sound, and competitive financial services.

### Actions Required to Achieve Goal

- Process all filings in a timely and thorough manner while adhering to the principle of providing Texans with access to convenient and competitive financial services operating in a safe and sound manner.
- Optimize efficiencies in the application process by enhancing automated systems, where possible, to improve the quality and speed of information exchanged internally and between the Department, its stakeholders, applicants, and the various federal and state agencies that we partner with to process applications.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Perform thorough background checks as appropriate to determine if the individuals proposed have the experience, personal and financial integrity, and financial acumen to direct and/or lead a financial institution or MSB's affairs in a safe, sound, and legal manner.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.

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## AGENCY GOAL AND ACTION PLAN

### Goal: Effective and Efficient Operations Compliant with State Laws

Ensure that Texans and stakeholders are effectively and efficiently served by high-quality professionals entrusted to implement regulatory requirements and industry standards, utilize advanced technologies, safeguard confidential information, provide educational opportunities to support and strengthen the financial services industry, and assist consumers in resolving complaints with the financial service providers regulated and licensed by the Department.

### Actions Required to Achieve Goal

- Investigate, process, and respond to consumer complaints about Department-supervised entities in a professional, appropriate, and timely manner.
- Develop comprehensive annual budget and staffing plan.
- Adhere to the agency's annual budget.
- Update and test the Continuity of Operations Plan (COOP) as directed by the State Office of Risk Management (SORM).
- Migrate to the Centralized Accounting & Payroll/Personnel Systems (CAPPS) by 2022.
- Promote information security and cybersecurity awareness within the agency through training and processes designed to protect sensitive data.
- Position the Department for continual modernization of management information systems (MIS).
- Utilize technology to streamline processes throughout the agency.
- Reduce dependencies on stale technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Engage in regular communication with and reporting to the FC.
- Collaborate with the Office of Consumer Credit Commissioner and the Department of Savings and Mortgage Lending on the FC's efforts to achieve greater efficiencies.
- Prepare and deliver SDSI agency reports to the Governor and Legislature in an accurate and timely manner.
- Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.
- Promote financial education.



## V. ANTICIPATED CHANGES IN STRATEGIES

- Specialized staff and training are necessary to assess chartered and licensed entities procedures and preparedness to prevent cybersecurity attacks.
- Technology and electronic payment systems continue to change as new forms of payment systems arise. Therefore, the Department must devote additional resources to evaluate emerging technologies and provide education and training to staff to keep up with these new products and technologies.
- As banks and trust companies under the Department's supervision become larger and more complex, more resources will be required for staff development.
- Large bank examinations are requiring a higher level of expertise in the areas of target industry credit analysis, model risk management, capital planning and stress/shock testing.

## VI. SUPPLY ANALYSIS - CURRENT WORKFORCE PROFILE

### A. CRITICAL WORKFORCE SKILLS

Several critical skills are vital to maintaining the Department's ability to operate effectively and efficiently. Without these, the Department could not provide basic business functions. The skills are:

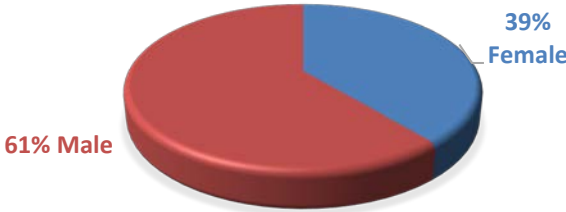
- Financial examination and regulatory experience;
- Specific regulatory expertise in capital markets, model risk management, trust operations, BSA/AML compliance, investigations, and corporate governance;
- Customer service expertise;
- Information technology and cybersecurity expertise;
- Trust activities and financially related legal knowledge;
- Legal expertise;
- Human Resources and Financial Management expertise;
- Database development and maintenance expertise; and
- Regulatory and accounting experience and expertise.

### B. WORKFORCE DEMOGRAPHICS

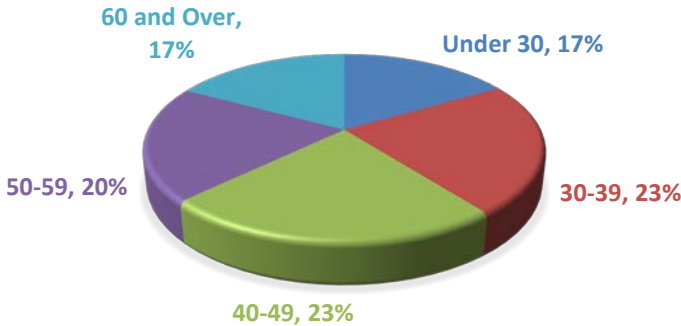
**Workforce Breakdown:** The following chart profiles the Department's workforce (March 31, 2020) of 175 individuals, which includes both full and part-time employees. The workforce is comprised of 61% males and 39% females. Approximately 60% of employees are over the age of 40 and approximately 34% have five years or less of Department service. Approximately 33% of financial examiners have less than five years of Department experience.

**Workforce Breakdown as of March 31, 2020**

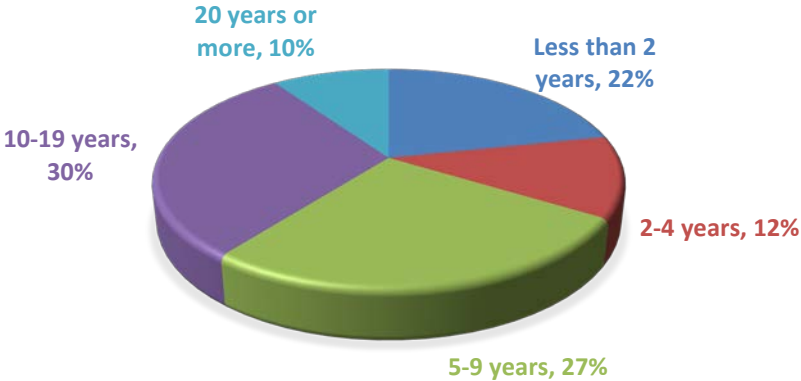
**GENDER**



**AGE**



**TENURE**



## Workforce Plan 2021-2025

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**Department Workforce by Job Category:** The following table compares African-American, Hispanic, and Female employees as of March 31, 2020, to the statewide civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division. The workforce analysis performed with the Workforce Analysis Tool provided by the Texas Workforce Commission indicates that the Department has potential underutilization of Females in both the Professional and Technical workforce category. The Department strives to meet these diversity targets and is vigilant in its effort to continue to monitor, address, recruit, and improve the minority representation within the agency.

Department Workforce by Job Category as of March 31, 2020						
Job Category Employee Count	African-American		Hispanic		Females	
	Department %	Civilian Workforce	Department %	Civilian Workforce	Department %	Civilian Workforce
Official/Administration 16	0%	8.1%	12.5%	22.4%	25.0%	38.8%
Professional 140	9.3%	10.9%	25.7%	20.3%	37.9%	54.5%
Technical 7	14.3%	14.4%	14.3%	29.2%	0%	55.2%
Admin. Support 12	8.3%	14.3%	41.7%	36.4%	91.7%	71.6%

*Statewide Civilian Workforce Composition, 2016 1-year PUMS file from the American Community Survey (ACS), US Census Bureau*

**C. EMPLOYEE TURNOVER**

Overall turnover has fluctuated over the past twelve fiscal years, but is consistently lower than the State Turnover Rate. The Department’s goal is to attain a turnover rate for non-retirement separations of less than 8%. Excluding retirements, the turnover rate for FY 2018 is 13.1% and FY 2019 is 8.6%. Economic indicators suggest competition for financial examiner job skills will continue. The Department must be vigilant in researching and refining retention methods.

**Twelve Year Turnover**

The following chart compares the Department’s turnover to that of the state over the last twelve years.

Twelve Year Turnover		
Fiscal Year	Department Turnover Rate	State Turnover Rate*
FY 2019	12.5%	21.2%
FY 2018	17.6%	19.7%
FY 2017	11.7%	18.5%
FY 2016	10.7%	16.8%
FY 2015	13.8%	19.0%
FY 2014	10.2%	19.1%
FY 2013	11.9%	18.9%
FY 2012	12.6%	19.6%
FY 2011	10.3%	17.7%
FY 2010	6.1%	15.9%
FY 2009	7.1%	15.6%
FY 2008	13.6%	19.3%

\* Information obtained from the State Auditor’s Office E-Class System including interagency transfers

# Workforce Plan 2021-2025

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## FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE AS OF AUGUST 31, 2019

Years of Service	# of Financial Examiners	% of Financial Examiners	% of Financial Examiner Turnover FY 2019
Less than 2 years	18	15%	8%
2 – 5 years	17	14%	23%
5 – 10 years	39	33%	39%
10 – 15 years	20	17%	15%
15 – 20 years	17	15%	0%
20 years and over	7	6%	15%
<b>TOTAL</b>	<b>118</b>	<b>100%</b>	<b>100%</b>

## FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE FOR CERTAIN FISCAL YEARS

Years of Service	% of Financial Examiner Turnover FY 2018	% of Financial Examiner Turnover FY 2019	% of Financial Examiner Turnover FY 2020*
Less Than 2 years	26%	8%	38%
2 – 5 years	11%	23%	12%
5 – 10 years	26%	39%	25%
10 – 15 years	15%	15%	25%
15 – 20 years	11%	0%	0%
20 years and over	11%	15%	0%

\* FY 2020 data as of March 31, 2020

### Financial Examiner Turnover

The financial examiner series is the largest component of the Department's workforce. Turnover in this group is the costliest to the Department because examiners receive extensive professional training and direct supervision in the first four to five years of employment. This requires a substantial monetary commitment by the Department.

As of August 31, 2019, 62% of financial examiners had tenure of less than 10 years. This group constitutes 70% of the financial examiner turnover for FY 2019, a seven-basis point increase from the 63% turnover in the same category in FY 2018. As of March 31, 2020, turnover is occurring higher in the less than 10-year tenure category at 75% of total financial examiner turnover.

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### NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE AS OF AUGUST 31, 2019

Years of Service	# of Non-Examiner Employees	% of Non-Examiner Employees	% of Non-Examiner Turnover FY 2019
Less than 2 years	11	19%	44%
2 – 5 years	6	10%	11%
5 – 10 years	11	19%	0%
10 – 15 years	11	19%	11%
15 – 20 years	7	12%	0%
20 years and over	13	21%	34%
<b>TOTAL</b>	<b>59</b>	<b>100%</b>	<b>100%</b>

### NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE FOR CERTAIN FISCAL YEARS

Years of Service	% of Non-Examiner Turnover FY 2018	% of Non-Examiner Turnover FY 2019	% of Non-Examiner Turnover FY 2020*
Less than 2 years	31%	44%	0%
2 – 5 years	23%	11%	67%
5 – 10 years	0%	0%	0%
10 – 15 years	15%	11%	33%
15 – 20 years	23%	0%	0%
20 years and over	8%	34%	0%

\* FY 2020 data as of March 31, 2020

#### Non-Financial Examiner Turnover

Non-examiner turnover is split almost evenly between employees with less than 10 years of experience and those with more than 10 years experience in the past two fiscal years. It is expected that non-examiner turnover will increase with time due to retirement eligibility.

## Workforce Plan 2021-2025

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### ALL EMPLOYEE TURNOVER BY LENGTH OF SERVICE AS OF AUGUST 31, 2019

Years of Service	# of All Department Employees	% of All Department Employees	% of State Employees*	% of Department Turnover FY 2019	% of State Turnover FY 2019*
Less than 2 years	29	16%	22%	23%	45%
2 – 5 years	23	13%	19%	18%	19%
5 – 10 years	50	28%	19%	23%	12%
10 – 15 years	31	18%	14%	14%	7%
15 – 20 years	24	14%	10%	0%	5%
20 years and over	20	11%	16%	22%	12%
<b>TOTAL</b>	<b>177</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Information obtained from the State Auditor's Office E-Class System including interagency transfers.

**All Employee Turnover:** Department turnover in FY 2019 is lower than State turnover in the less than two-year category. In the two to five-year category, DOB turnover is similar to State turnover, but is significantly higher above five years of service. The Department must continue succession planning for replacement of retiring employees and provide incentives for employees to make employment with the Department an attractive long-term career choice.

# Workforce Plan 2021-2025

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## WORKFORCE BY AGE AS OF AUGUST 31, 2019

Age Groups	# of All Department Employees	% of All Department Employees	% of All State Employees*	% of Department Turnover FY 2019	% of State Turnover FY 2019*
Less than 30	26	14%	18%	18%	33%
30 – 39	42	24%	24%	41%	23%
40 – 49	41	23%	24%	5%	16%
50 – 59	33	19%	22%	18%	17%
60 and over	35	20%	12%	18%	11%
<b>TOTAL</b>	<b>177</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Information obtained from the State Auditor's Office E-Class System including interagency transfers.

**Workforce by Age:** Employees over the age of 40 comprised 62% of the Department's workforce and 58% of the statewide workforce as of August 31, 2019. Employees under the age of 30 comprised 14% of the Department's workforce and 18% of the statewide workforce.

### D. RETIREMENT ELIGIBILITY

Thirty-nine or 22% of employees are eligible to retire in FY 2020. In the next five years, 45% of Headquarters staff and 24% of all field examination staff will be eligible to retire.

Historically, retirement from the Department does not account for the majority of separations. For FY 2020, through March 31, 2020, two staff members have retired. Over the next five years, however, the pool of retirement eligible employees increases. With these retirements, the Department will lose substantial institutional knowledge and expertise. As of March 31, 2020, the Department has 55 employees, including 28 field examination staff that could potentially retire within the next five years. Furthermore, 71% of this group is eligible to retire today. In the next five years 72% of senior management is eligible to retire.

## VII. DEMAND ANALYSIS - FUTURE WORKFORCE PROFILE

Identifying the future workforce requirements of the Department encompasses a broad range of factors which have been identified through the Department's strategic planning process, interaction and discussion with federal and state regulators, and input from agency management. The evolution of the financial services industry means the Department will need an experienced and qualified professional staff to meet anticipated growth, complexity, and other changes in the industries regulated by the agency.



# Workforce Plan 2021-2025

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## **A. CRITICAL FUNCTION CHANGES**

- Increased IT examination activity for regulated entities and service providers.
- Increased demand on supervisory resources due to changes in national, regional, and local economic and regulatory conditions.
- Increased trust examination activity as the population ages and wealth management becomes more pronounced.
- Increased examination activity and supervisory responsibilities because of changes in products and technologies in the MSB industry.
- Increased demand for BSA/AML Specialists.
- Increased need for Fraud Specialists.
- Increased demand for legal expertise for the areas regulated by the Department.
- Implementation of new or modified regulatory requirements.
- Increased need for cybersecurity experts.

## **B. EXPECTED WORKPLACE DYNAMICS**

- Increased use of technology to maximize efficiency.
- Increased use of telecommuting and working remotely.
- Increased use of subject matter specialists.
- Greater focus on audit programs, risk assessments, and problem resolution for regulated entities.
- Greater need to investigate unlicensed and/or illicit activity.
- Greater emphasis on cybersecurity.

## **C. ANTICIPATED INCREASE IN NUMBER OF EMPLOYEES NEEDED**

- Number of new MSBs with more complex business plans and organizational structures licensed by the Department continues to increase.
- State-chartered banks under supervision continue to increase in size, services offered, and complexity.
- Changes to federal counterpart priorities and reallocation of examination resources.
- Increased training needs.

## **D. FUTURE WORKFORCE SKILLS NEEDED**

A competent and knowledgeable staff is necessary to efficiently and effectively supervise the various entities under the Department's oversight and to respond to changes in these industries. Employees must increase their knowledge and skills in the following areas:

- Comprehensive understanding of IT operations, change management, and cybersecurity risks relating to a wide variety of products and services offered;
- Changing technology and diversity of products offered;
- Knowledge of financial crimes and risks;
- Project management;
- Investigations and fraud detection;
- Process analysis;
- Operational risk;
- Audit;
- Management and supervision of staff, and
- Risk management, capital planning, and compliance with federal regulations.

## VIII. GAP ANALYSIS

### A. ANTICIPATED SHORTAGE OF WORKERS OR SKILLS

- Recruiting experienced examiners remains a significant challenge.
- The optimal balance in Bank and Trust Supervision staff experience would be 80% commissioned examiners in various areas of expertise and 20% non-commissioned assistant (apprentice level) examiners. The current composition is 65% commissioned and 35% non-commissioned. This ratio has significantly improved over the last eight years but remains the same over the last three years.
- An increase in assets or large institutions under supervision would call for additional seasoned and experienced staffing.
- A significant downturn in the state's economy will require more field examinations and time reviewing a regulated entity's financials and records.
- An increase in fraud investigations or enforcement actions would call for additional staffing or contracted investigators.
- An increase in technology and cybersecurity needs will require additional IT examination staff.
- An increase in the number of MSB opinion requests, new applications, and examinations require expanded legal, corporate, and financial examiner resources.
- Additional BSA/AML Specialists will be needed to review and regulate industry compliance.
- Non-Depository Supervision anticipates a loss of knowledge and skills in the MSB area due to retirements in the next 24 months.

## Workforce Plan 2021-2025

**Gap Analysis:** The Department's analysis of the current FC approved FTEs and anticipated workforce needs are presented in the chart below.

<b>Gap Analysis</b>															
<b>As of March 31, 2020</b>															
<b>Division</b>	<b>Executive</b>			<b>Professional</b>			<b>Technical</b>			<b>Administrative</b>			<b>Total</b>		
	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap
<b>Executive / Admin</b>	4	4	0	0	0	0	0	0	0	2	2	0	6	6	0
<b>Legal</b>	0	0	0	7	7	0	0	0	0	3	3	0	10	10	0
<b>Admin Services</b>	0	0	0	5	5	0	0	0	0	1	1	0	6	6	0
<b>Human Resources</b>	0	0	0	2	2	0	0	0	0	1	1	0	3	3	0
<b>IT Division</b>	0	0	0	1	1	0	8	8	0	0	0	0	9	9	0
<b>Division of Strategic Support</b>	0	0	0	4	4	0	0	0	0	4	4	0	8	8	0
<b>Corporate Activities</b>	0	0	0	5	5	0	0	0	0	3	3	0	8	8	0
<b>Bank Supervision</b>	0	0	0	90	90	0	0	0	0	6	6	0	96	96	0
<b>Foreign Bank Supervision</b>	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
<b>Trust Company/ Department Supervision</b>	0	0	0	11	11	0	0	0	0	0	0	0	11	11	0
<b>IT Examinations</b>	0	0	0	14	14	0	0	0	0	0	0	0	14	14	0
<b>PFC/PCC</b>	0	0	0	10	10	0	0	0	0	2	2	0	12	12	0
<b>MSB</b>	0	0	0	9	9	0	0	0	0	1	1	0	10	10	0
<b>Total Department of Banking</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>158</b>	<b>158</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>0</b>	<b>194</b>	<b>194</b>	<b>0</b>

## Workforce Plan 2021-2025

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### IX. STRATEGY DEVELOPMENT

<b>Gap</b>	Current employees need additional training to gain and retain critical skills.
<b>Goal</b>	Develop a competent, well-trained workforce.
<b>Rationale</b>	The presence of a well-trained workforce is critical not only to the success of the Department, but also to the credibility of the agency and condition of the industry. The success of the Department is not only measured by whether and how well it meets its goals and objectives, but the level of credibility it maintains with its federal counterparts. The level of credibility maintained by the Department has a direct correlation on the cost of supervision and regulation to regulated entities. A loss of credibility could result in a higher volume and more frequent supervision by federal regulators and therefore increase regulatory burden upon the supervised businesses operating in Texas.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Identify skills required to meet changes that have occurred and are anticipated in the financial services industries.</li> <li>• Expand core training programs to include more in-depth and comprehensive courses in areas of identified weakness.</li> <li>• Develop additional in-house training programs to supplement programs offered by CSBS and federal regulatory agencies.</li> <li>• Conduct a risk assessment to determine the level of risk facing the Department regarding the potential loss of knowledge and the areas of knowledge gaps.</li> <li>• Continue to refine and improve succession planning.</li> <li>• Develop a knowledge transfer strategy that includes documenting processes, steps, dates, relationships, players, contacts, forms, and files.</li> <li>• Institute checklists, flowcharts, reference guides, and job pairing to provide easy to access resources.</li> </ul>

## Workforce Plan 2021-2025

<b>Gap</b>	Attracting and retaining the right employees.
<b>Goal</b>	Become an employer of choice.
<b>Rationale</b>	There is a competitive job market for qualified individuals with the skills required to perform the duties of an examiner.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Continue efforts to maintain examiner salaries up to 95% of the FDIC salaries, with a goal of achieving parity.</li> <li>• Work in partnership with universities to recruit through job fairs and internship programs.</li> <li>• Continue and develop the current internship program. Expand program to more universities.</li> <li>• Continue to offer and expand flexible work schedules and telework.</li> <li>• Continue to mitigate travel exposure with alternative work methods and technology.</li> <li>• Provide training in specialized areas related to the examination process.</li> <li>• Explore new strategies to meet staffing needs. One strategy that has been discussed is to overstaff in critical areas to increase the “bench-strength” of the Department. A cost/benefit analysis of this strategy has yet to make it feasible.</li> <li>• Formalize a program for cross-training by exposing field staff to administrative, research, and other support duties.</li> </ul>

<b>Gap</b>	Leadership Development
<b>Goal</b>	Through our annual performance appraisal process, identify potential employees for succession to Director positions.
<b>Rationale</b>	72% of current Directors are eligible to retire within the next five years.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Identify the knowledge, skills, and abilities of current successful leadership positions.</li> <li>• Identify high potential staff that possess or could more readily acquire the necessary abilities and knowledge.</li> <li>• Continue to provide training, experience, or job shadowing on assignments.</li> <li>• Provide opportunities for mid-level to senior examiners to rotate into headquarter positions or functions for exposure to the supervisory duties not obtained in the field.</li> <li>• Provide opportunities for mid-level managers to attend management training programs.</li> </ul>

**SCHEDULE G**  
**Workforce Development System Strategic Planning**

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Not Applicable to the  
Texas Department of Banking Strategic Plan.

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# TEXAS

## Department of Banking

### Customer Service Report



June 2020



Texas Department of Banking  
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[www.prepaidfunerals.texas.gov](http://www.prepaidfunerals.texas.gov)

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# SCHEDULE H - REPORT ON CUSTOMER SERVICE

The Texas Department of Banking is dedicated to fulfilling its commitment to customer service as outlined in the agency’s [Compact with Texans](#). Financial service providers licensed or regulated by the Department, as well as consumers that have registered complaints about those providers, are given the opportunity to provide feedback regarding the level of customer service provided by the agency. A variety of methods are used to solicit feedback on the agency’s operations and services from customers in accordance with Texas Government Code §2114.

The Department uses both online and written surveys to gather feedback. Over time, however, online surveys have proven successful in conserving funds. To improve the organization and employee experience, agency employees are also given an opportunity to provide comments and suggestions.

The following details a description of the Department’s survey process.

Inventory of Customers by Goal		
Goal	Customer	Services Rendered
Bank and Trust Supervision	Entities chartered by the state: state-chartered banks, state-chartered trust companies, and foreign bank organizations.	Examinations
Bank and Trust Customers	Customers of entities chartered by the state: state-chartered banks, state-chartered trust companies, and foreign bank organizations.	Consumer Assistance
Non-Depository Supervision	Entities licensed by the state: money services businesses, prepaid funeral contract sellers, and perpetual care cemeteries.	Examinations
Non-Depository Customers	Customers of entities licensed or registered by the state: money services businesses, prepaid funeral contract sellers, and perpetual care cemeteries. Cemetery brokers and private child support enforcement agencies were registered with the Department until August 31, 2019 (SB 614).	Consumer Assistance
Application Processing	State-chartered banks, state-chartered trust companies, foreign bank organizations, money services businesses, prepaid funeral contract sellers, perpetual care cemeteries and check verification entities. Cemetery brokers and private child support enforcement agencies were registered with the Department until August 31, 2019 (SB 614).	Processing of charters, licenses, or registrations

## External Customer Descriptions

### ***Bank and Trust Supervision Examinations***

The primary beneficiary or customer of the Department's safety and soundness supervision of banks and trust companies are the citizens of the State of Texas – borrowers, depositors, and shareholders. To achieve economic growth and stability, it is essential to have a safe and sound banking system that offers credit opportunities, efficient payment systems, competitive financial services, and investment options.

The agency must meet the highest expectations and supervisory standards to maintain the state's role in enhancing the dual banking system. The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Bank (FRB), and the regulated institutions are also direct beneficiaries of our examinations and supervision.

As part of the FDIC and FRB's cooperative examination program, which provides for both alternating or joint bank examinations, the Department must be [accredited](#) by the Conference of State Bank Supervisors (CSBS). The Department maintains its accreditation with CSBS and was most recently reaccredited in 2018. It is important that the quality of our examination and supervision staff, their experience level, training, and technological resources are comparable to our federal counterparts to ensure federal regulators accept examination reports and enforcement actions from the Department.

Examinations must be thorough and effective, while balancing the need to complete comprehensive examination procedures without becoming overly intrusive to the day-to-day operations of the institution. Quality supervision provides management and directors an independent look at their performance in complying with state and federal statutes and regulations, as well as the extent to which they are operating a safe and sound financial institution. To monitor our performance as regulators, the Department surveys chief executive officers of state-chartered banks and trust companies.

### ***Bank and Trust Customers – Consumer Assistance***

The public, borrowers, depositors, shareholders, and those doing business with agency-regulated financial institutions are the primary customers served in this regard. The Department is charged with investigating consumer complaints filed against state banks, trust companies, and foreign bank organizations. Surveys assess customer satisfaction with the complaint process.

### ***Non-Depository Supervision Examinations***

The primary customer benefiting from the Department's non-depository supervision is the State of Texas and its citizens, as this regulatory activity the safety and soundness of licensed money service businesses (MSBs), prepaid funeral contract (PFCs) sellers, and perpetual care cemeteries (PCCs). Effective supervision of these entities provides the public with convenient, safe, and competitive services.

Each licensee receives an examination or inspection on a periodic basis. The Department strives to balance the need to assess financial stability and to determine compliance with laws and supervisory guidance with the licensee's objectives of operating a profitable, compliance-oriented, and customer service-oriented business. In addition, supervision staff must receive adequate training and have access to technological resources to provide quality examinations. Thorough and efficient examinations provide management and directors an independent assessment regarding their compliance with state and federal statutes and regulations. To monitor our performance as regulators, the Department surveys the owners and principals of the licensees.

MSB examinations have other direct recipients or customers of examination and supervision include the MSBs and other state regulators. The Department maintains MSB examination efficiencies through cooperation and coordination with other states by developing and updating the Money Transmitter Regulators Association uniform examination procedures and practices and actively participating in the standardization of a networked supervision approach. Participation in the Multi-State MSB Examination Taskforce (MMET) networked supervision system allows the Department to conserve resources and minimize the regulatory burden on supervised entities while achieving our objectives. The MMET facilitates coordinated examinations among states as well as in partnership with the Consumer Financial Protection Bureau and the Financial Crimes Enforcement Network.

### ***Non-Depository Customers – Consumer Assistance***

The public and those doing business with non-depository entities licensed or registered by the Department are the primary customers served in this regard. These entities include licensed MSBs, PFC sellers, and PCCs, as well as registered check verification entities. Until August 31, 2019, the Department also registered cemetery brokers, private child support enforcement agencies, and bullion depository agent services; however, this requirement was ended by the 86th Texas Legislature. The Department is charged with investigating consumer complaints filed against non-depository entities licensed by the agency. Surveys assess customer satisfaction with the complaint process.

### ***Application Processing***

The application process serves various financial entity applicants, including attorneys, accountants, and others who assist the applicants. Staff who processes applications must receive adequate training and have access to technological resources to provide knowledgeable and competent recommendations. In addition, the timely processing of applications and information requests ensures statutory requirements are met.

The application process includes an assessment of risk to ensure potential regulated entities operate in a safe and sound manner. The process is also designed to assist applicants in obtaining the proper licenses and deliver information and guidance on the various departmental applications (i.e. new charters, branch offices, mergers, acquisitions, etc.).

## **Description of Information Gathering Techniques/Methods**

### ***Rate the Department***

Annually, regulated entities are sent an invitation by email to participate in an internet-based survey called “Rate the Department Survey.” This methodology allows 100% of our regulated entities the opportunity to provide feedback rather than only a sample population. This year, regulated entities were asked to complete the survey between January 6, 2020, and February 3, 2020.

Responses are anonymous unless the respondent provides contact information. Completed surveys are tabulated automatically by the Department’s contract survey service provider and results are posted on the agency’s [website](#).

#### ***Banks and Trust Companies – Surveyed since 1995***

In 2020, 252 regulated entities were given the opportunity to complete the survey. The Department received 84 responses or 33% of the survey population.

#### ***Money Services Business Licensees – Surveyed since 1997***

In 2020, survey requests were sent to each of the 170 regulated MSBs. Thirty responses were received, accounting for 16% of the total number of licensees.

#### *Prepaid Funeral Contract Licensees and Perpetual Care Cemeteries – Surveyed since 1997*

In 2020, survey notices were sent to 267 PFCs and PCCs. Fifty-two responses were received, accounting for approximately 19% of the total number of licensees.

#### ***Commissioner's Banking Examination Survey – Banks, Trust, and IT***

To improve on-site examinations and examination report processing, the Banking Commissioner solicits input regarding the supervision provided through a separate post-examination survey. Approximately 30 - 45 days after the report of examination is mailed to each bank and trust company, a separate questionnaire concerning the examination process is mailed. The 19-question survey covers three areas: the examination process, examination reports, and the examination scope and correspondence. The goal of the survey is to help identify areas for improvement, as well as to identify segments of the examination process that are working well. Survey results are posted on the Department's [website](#).

#### ***Survey of Consumer Assistance***

Complainants of state-chartered banks, trust companies, foreign bank organizations, MSBs, PFCs, and PCCs have been surveyed since 1998. Complainants of private child support enforcement agencies and cemetery brokers received surveys through August 31, 2019. The methodology allows 100% of the complainants the opportunity to respond with no deadline being given. The most recent survey period was September 2018 to August 2019. This method is also being used for the 2020 fiscal year.

##### *Banks, Trust Companies, Foreign Bank Organizations, and Private Child Support Enforcement Agencies*

For fiscal year 2019, 37 surveys were mailed and eight were returned, for a 22% response rate. A feedback survey is mailed to the complainant 30 days after the consumer complaint is closed.

##### *MSBs, PFCs, PCCs, and Cemetery Brokers*

A survey form is mailed to the complainant when the written complaint is closed. For fiscal year 2019, 61 surveys were mailed to consumers and two responses were received, for a 3% response rate.

#### ***Customer Service Survey***

An eight-question survey was utilized in April 2020 as prescribed by the Legislative Budget Board and Office of the Governor. Invitations were sent to 169 consumers who interacted with the Department in the last 12 months. Of those invited to participate, 16 surveys or 9.5% responded.

### **Other Opportunities for Input from Stakeholders**

#### ***Banker Economic and Business Survey***

The Department requests specific information about the local economy and business climate from state banks. The results are a gauge of industry sentiment. The agency uses these observations as an early-warning system to assess changes in the economy and our supervisory requirements. For purposes of this survey, banks are divided into seven regions based upon similar business and regional activities. Bankers submit this information via an internet-based survey on a quarterly basis. Survey results are posted on the Department's [website](#).

### ***Appeals Process***

In the event of a material disagreement regarding an examination finding or rating, Department policy offers regulated entities the opportunity to request a Reconsideration of Examination Finding (REF). This function provides an effective forum for addressing industry concerns and identifying potential problems in the implementation of Department policies. In 2019, the Department received one REF request related to the Uniform Financial Institutions Ratings assigned at an examination. The REF was reviewed and the institution received a final determination from the Commissioner.

### ***Whistleblower***

Directors, officers, or employees of a regulated entity may report suspicious activity, fraud, or abuse related to a state-chartered bank, trust company, foreign bank organization, MSB, PCC, or PFC. Insiders can use the Ask a Question form on the Department's [website](#) or mail their report.

## **Consumer Assistance Rules and Performance Measures**

The Finance Commission of Texas approved and adopted rules pertaining to complaint procedures for handling complaints to align with the Sunset Advisory Commission's Licensing and Regulation Model guidelines. The new rules, 7 TAC, Part 2, Chapter 11, §§11.10, 11.11 and 11.12, became effective on September 8, 2019.

In fiscal year 2019, the Department added two performance measures related to consumer assistance and worked to make them comparable across the three finance agencies.

- 1) Percentage of written complaints closed within 90 days.
- 2) Number of written complaints closed.

These measures are reported on a quarterly basis to the Finance Commission of Texas.



## Analysis and Results of Banks and Trust Companies Surveys

### *Rate the Department Analysis*

The Department received 84 responses from 252 banks and trust companies. An overwhelming majority of the respondents *strongly agree* or *agree* that the Department is conducting its affairs in a satisfactory manner.

The agency's dedication to providing exceptional service to regulated entities is reflected in the results, as accessibility and responsiveness were all highly rated. Ninety eight percent of respondents agreed that significant changes to Department rules, policies, and procedures were communicated and explained in a timely manner. Notably, 100% of respondents indicated that their institution's communication with the Department is generally satisfactory and agency staff respond satisfactorily to their needs.

### *Commissioner's Banking Examination Survey Analysis*

For fiscal year 2019, 219 surveys were mailed, and 144 responses were received for a 65.8% response rate. In fiscal year 2018, 190 surveys were mailed, and 115 responses were received for a 60.5% response rate.

The survey responses for each fiscal year complimented the examination staff's professionalism, communication throughout the examination, and exit/board meetings.

## Bank and Trust Companies "Rate the Department" Survey – 2019

Instructions: Please take a moment to complete the survey to reflect your experience in communicating or working with Department personnel over the last 12 months. Surveys should be completed by February 3, 2020. Survey results will be tabulated and released through a future issue of the Texas Bank Report. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

84 Respondents

### 2. The regional office that directly supervises your institution?

Dallas	30	36%
Houston	16	19%
Lubbock	18	21%
San Antonio	20	24%
<b>Total</b>	<b>84</b>	<b>100%</b>

## BANK AND TRUST COMMUNICATION & CORRESPONDENCE

### 3. Did you receive a call or visit from the regional director of your region within the last 12 months in reference to the Department's offsite call monitoring program? If no, skip to question #6.

Yes	64	76%
No	20	24%
<b>Total</b>	<b>84</b>	<b>100%</b>

### 4. I appreciate the opportunity to discuss matters of interest in a non-exam setting.

Strongly Agree	42	63%
Agree	25	37%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>67</b>	<b>100%</b>

### 5. How could the program be improved?

23 Responses

### 6. Material changes to the Department's rules, policies, and procedures are communicated to us in a timely fashion.

Strongly Agree	27	32%
Agree	55	66%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	1	1%
<b>Total</b>	<b>84</b>	<b>100%</b>

**7. Regional office staff is generally accessible.**

Strongly Agree	48	57%
Agree	34	41%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	2%
<b>Total</b>	<b>84</b>	<b>100%</b>

**8. Headquarters staff is generally accessible.**

Strongly Agree	35	42%
Agree	45	54%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	4%
<b>Total</b>	<b>84</b>	<b>100%</b>

**9. Regional office staff provide timely and accurate feedback/answers.**

Strongly Agree	36	43%
Agree	45	54%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	2	2%
<b>Total</b>	<b>84</b>	<b>100%</b>

**10. Headquarters office staff provide timely and accurate feedback/answers.**

Strongly Agree	33	39%
Agree	44	53%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	6	7%
<b>Total</b>	<b>84</b>	<b>100%</b>

**11. Correspondence within the Department regarding routine business matters is handled in a prompt and effective manner.**

Strongly Agree	32	38%
Agree	46	55%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	5	6%
<b>Total</b>	<b>84</b>	<b>100%</b>

**12. How cumbersome is the Department's secure email system (ZIX) to communicate sensitive and confidential information.**

Not Cumbersome	52	62%
Somewhat Cumbersome	26	31%
Very Cumbersome	3	4%
No Opinion	3	4%
<b>Total</b>	<b>84</b>	<b>100%</b>

**13. Do you use the Department's secure Data Exchange portal (DEX) to upload and download information with the agency?**

Yes	71	85%
No	13	15%
<b>Total</b>	<b>84</b>	<b>100%</b>

**14. What is your opinion regarding the usefulness of the DEX portal?**

Very Beneficial	40	48%
Somewhat Beneficial	29	35%
Not Beneficial	2	2%
No Opinion	13	15%
<b>Total</b>	<b>84</b>	<b>100%</b>

**15. The Department's Authorized Contact and Email System portal (ACES) is effective in allowing our bank to provide current contact information on file with the Department?**

Yes	76	90%
No	8	10%
<b>Total</b>	<b>84</b>	<b>100%</b>

**16. What issues should be addressed by the Department to improve or strengthen the banking/trust systems in Texas?**

31 Responses

**17. What issues should be addressed by the Department to reduce or minimize regulatory burden?**

31 Responses

**18. Other suggestions or comments regarding communication and correspondence.**

23 Responses

## CORPORATE ACTIVITIES DIVISION

### 19. Have you used the services of our Corporate Division within the last 12 months? If no, skip to the next section.

Yes	27	32%
No	57	68%
<b>Total</b>	<b>84</b>	<b>100%</b>

### 20. The Corporate Division is generally accessible.

Strongly Agree	14	47%
Agree	14	47%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	6%
<b>Total</b>	<b>30</b>	<b>100%</b>

### 21. Responses are generally timely.

Strongly Agree	17	57%
Agree	11	37%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	6%
<b>Total</b>	<b>30</b>	<b>100%</b>

### 22. The content and substance of responses are appropriate.

Strongly Agree	15	52%
Agree	12	41%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	7%
<b>Total</b>	<b>29</b>	<b>100%</b>

### 23. The Corporate staff handles my affairs professionally.

Strongly Agree	17	57%
Agree	11	37%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	6%
<b>Total</b>	<b>30</b>	<b>100%</b>

**24. The process of handling requests is efficient.**

Strongly Agree	14	47%
Agree	14	47%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	6%
<b>Total</b>	<b>30</b>	<b>100%</b>

**25. Requests for information are reasonable.**

Strongly Agree	10	33%
Agree	17	57%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	10%
<b>Total</b>	<b>30</b>	<b>100%</b>

**26. The Department's website for corporate application forms and related information is informative and easy to use.**

Strongly Agree	8	27%
Agree	17	57%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	16%
<b>Total</b>	<b>30</b>	<b>100%</b>

**27. The Corporate Division's electronic filing system (CAFE) is useful and easy to use.**

Strongly Agree	5	17%
Agree	13	45%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	11	38%
<b>Total</b>	<b>29</b>	<b>100%</b>

**28. Other suggestions or comments regarding the corporate division.**

5 Responses

## LEGAL DIVISION

### 29. Have you used the services of our Legal Division within the last 12 months? If no, skip to the next section

Yes	8	10%
No	76	90%
<b>Total</b>	<b>84</b>	<b>100%</b>

### 30. The Legal Division is accessible.

Strongly Agree	1	8%
Agree	7	59%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	33%
<b>Total</b>	<b>12</b>	<b>100%</b>

### 31. Responses are generally timely.

Strongly Agree	1	8%
Agree	6	50%
Disagree	0	0%
Strongly Disagree	1	8%
No Opinion	4	34%
<b>Total</b>	<b>12</b>	<b>100%</b>

### 32. The content and substance of responses are appropriate.

Strongly Agree	1	8%
Agree	6	50%
Disagree	1	8%
Strongly Disagree	0	0%
No Opinion	4	34%
<b>Total</b>	<b>12</b>	<b>100%</b>

### 33. The Legal staff handles my affairs professionally.

Strongly Agree	1	8%
Agree	7	58%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	34%
<b>Total</b>	<b>12</b>	<b>100%</b>

**34. The process of handling requests is efficient.**

Strongly Agree	1	8%
Agree	6	50%
Disagree	1	8%
Strongly Disagree	0	0%
No Opinion	4	34%
<b>Total</b>	<b>12</b>	<b>100%</b>

**35. Requests for information are reasonable.**

Strongly Agree	1	8%
Agree	7	58%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	34%
<b>Total</b>	<b>12</b>	<b>100%</b>

**36. The Department's website for legal statutes, rules, and legal opinions is informative and easy to use.**

Strongly Agree	4	34%
Agree	4	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	33%
<b>Total</b>	<b>12</b>	<b>100%</b>

**37. Other suggestions or comments regarding the legal division.**

1 Response

**OVERALL DEPARTMENT EFFECTIVENESS****38. Overall, Department personnel are responding satisfactorily to my needs.**

Strongly Agree	43	52%
Agree	40	48%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>83</b>	<b>100%</b>



**39. Overall, my institution's communication with the Department is generally satisfactory.**

Strongly Agree	45	54%
Agree	38	46%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>83</b>	<b>100%</b>

**40. The publications below provided by the Department are informative and meet our needs.**

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion
Texas Bank Report	31 38%	50 60%	1 1%	0 0%	1 1%
Corporate Activities Bulletin	27 33%	46 55%	1 1%	0 0%	9 11%

**41. List any suggestions for improving agency publications.**

17 Responses

**42. I find the Department's website easy to navigate.**

Strongly Agree	14	17%
Agree	61	74%
Disagree	2	2%
Strongly Disagree	0	0%
No Opinion	6	7%
<b>Total</b>	<b>83</b>	<b>100%</b>

**43. I or my staff have visited the Department's website approximately XX times during the last 12 months.**

None	1	1%
1 to 10	59	71%
11 to 20	18	22%
21 to 50	4	5%
51+	1	1%
<b>Total</b>	<b>83</b>	<b>100%</b>

**44. What information is the most useful on the Department's website?**

28 Responses

**45. What information is the least useful on the Department's website?**

17 Responses

**46. What other type(s) of information would you like to see on the Department's website?**

17 Responses

**47. Are there any areas (e.g., examination procedures, evaluation techniques, or statutory issues) that the Department needs to become better versed or knowledgeable about to better serve the banking/trust system in Texas?**

20 Responses

**48. Have you corresponded with the Department about a consumer complaint issue within the last 12 months? (If no, skip to the next section)**

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion
Requests for information were reasonable.	3 14%	9 41%	0 0%	0 0%	10 45%
The issue was handled in a professional manner.	4 19%	8 38%	0 0%	0 0%	9 43%
The Department's findings were based on a logical interpretation of applicable law.	2 10%	8 38%	0 0%	0 0%	11 52%
The Department's suggestion for resolving the matter was reasonable.	2 10%	8 38%	0 0%	0 0%	11 52%

**49. Access to the Department's Data Exchange (DEX) allowed us to upload, report, and exchange data quickly.**

Strongly Agree	12	24%
Agree	30	60%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	5	10%
<b>Total</b>	<b>50</b>	<b>100%</b>

**50. Other suggestions or comments regarding overall Department effectiveness.**

6 Responses

**51. If there is any feedback that you would like to provide or other areas on which you would like to comment, please take this opportunity to let us know. Also, if you would like the Commissioner to call you on a specific question or comment, please indicate below. Note that you must provide your name if you want a call back.**

11 Responses

**Commissioner's Banking Examination Survey**  
**Comparison 2018 to 2019**

**144 Responses or 65.8% Response Rate – 2019**  
**115 Responses or 60.5% Response Rate – 2018**

**CONSOLIDATED ALL REGIONS, TRUST & IT**

**I. EXAMINATION PROCESS**

	# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
1. The examiners clearly communicated the examination scope and goals to management prior to the start of the examination.	144	2019	64%	35%	1%			
	115	2018	75%	24%	1%			
2. The examiners requests for information prior to and during the examination were timely and reasonable.	144	2019	62%	36%	1%			1%
	115	2018	68%	31%	1%			
3. DEX is an efficient method to provide requested information to examiners securely (if applicable).	144	2019	46%	43%	3%	1%		7%
	115	2018	48%	39%	2%	2%		9%
4. The examination team acted in a professional and courteous manner during the examination.	144	2019	74%	24%	1%	1%		
	115	2018	80%	19%	1%			
5. The examiners communicated with management throughout the examination.	144	2019	72%	26%	1%	1%		
	115	2018	75%	22%	2%	1%		
6. The examiners are informed of current industry issues and were knowledgeable of your bank.	144	2019	56%	38%	3%			3%
	115	2018	64%	32%	1%			3%
7. In what areas, if any, do you feel the examiners need additional training or education? Attach additional paper if necessary:	144	2019						
	115	2018						
8. The examiners remain focused on the key issues confronting your institution.	144	2019	51%	46%	2%	1%		
	115	2018	58%	38%	2%			2%
9. The examiners clearly and effectively communicated their findings and concerns at the exit and board meetings.	144	2019	66%	32%	1%	1%		
	115	2018	70%	27%	2%	1%		
10. Conclusions regarding the bank's condition were well supported.	144	2019	54%	43%	2%	1%		
	115	2018	58%	39%	2%			1%
11. Recommendations for corrective actions were reasonable.	144	2019	51%	43%	1%			5%
	115	2018	56%	35%	3%			6%
12. Did any events or comments take place during the examination that you felt were surprising, unfair, unreasonable or not in conformance with exam policy?	144	2019	96%				4%	
	115	2018	94%				6%	
			NO				YES	

**144 Responses or 65.8% Response Rate – 2019**  
**115 Responses or 60.5% Response Rate – 2018**

**CONSOLIDATED ALL REGIONS, TRUST & IT**

**II. EXAMINATION REPORTS**

1. The examination report was received in a timely fashion.

# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
144	2019	67%	31%	1%			1%
115	2018	73%	24%	2%	1%		

2. The report of examination clearly communicates the examination findings and provides useful information.

144	2019	63%	35%	1%			1%
115	2018	73%	24%	2%	1%		

3. The tone and content of the report of examination is consistent with the board and/or exit meetings.

144	2019	64%	32%	1%	1%		2%
115	2018	72%	25%	3%			

**III. EXAMINATION SCOPE AND CORRESPONDENCE**

1. The examination was conducted without placing an undue burden on the institution.

# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
144	2019	43%	52%	3%	1%		1%
115	2018	58%	35%	4%	3%		

2. The on-site portion of the examination was completed in a reasonable timeframe.

144	2019	60%	38%				2%
115	2018	68%	29%				3%

3. The use of pre-examination time through gathering documents and working off-site worked well and saved the bank time.

144	2019	61%	34%	3%			2%
115	2018	68%	26%	4%	1%		1%

4. The Regional Office and Headquarters staff were readily accessible and helpful to discuss exam findings.

144	2019	56%	34%	1%			9%
115	2018	69%	26%		2%		3%

***Survey of Consumer Complainants of Banks, Trust Companies, Foreign Bank Organizations, And Private Child Support Enforcement Agencies Analysis***

Of the 37 surveys mailed to complainants who filed a grievance against a regulated financial institution or private child support enforcement agency, eight surveys were returned for a 22% response rate.

All respondents found it relatively easy to file a complaint with our office, with 88% of respondents indicating that they submitted their complaint by U.S. mail.

In general, 84% of respondents were satisfied with the assistance received from the Department. The agency makes every effort to reach an amicable resolution within the laws of the state. Over 70% of respondents indicated that the consumer assistance staff handled their problem in a professional manner. Consumer assistance staff were rated courteous and friendly by 50% of respondents and 25% were impartial. There were respondents expressing dissatisfaction with the consumer assistance staff and 25% were impartial.

***Survey of Customer Service (New in 2020)***

The customer service survey includes specific questions and a scale to measure satisfaction with the agency's facilities, staff interactions, communications, website, complaint handling processes, timeliness, printed information, and overall satisfaction with the agency.

Of the 169 invitations sent to consumers who interacted with the consumer assistance staff within the last 12 months, only 16 respondents participated.

The overall results were less than favorable as 50% of respondents were dissatisfied with the complaint process and handling. Overall, 62% were dissatisfied with the agency, 32% were satisfied, and 6% were neutral or shared no opinion.

*Consumer Feedback Survey Fiscal Year 2019  
Bank and Trust Supervision*

*Reflects summary responses from eight surveys received or 22% of the 37 surveys mailed.*

**General Feedback**

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
1. It was relatively easy to file a complaint with the Department.	8	63%	38%	0%	0%	0%	0%
2. I had adequate access to the Consumer Assistance staff.	8	63%	25%	13%	0%	0%	0%
3. The Consumer Assistance staff handled my problem in a professional manner.	8	63%	13%	25%	0%	0%	0%
4. Overall, I was satisfied with the Department's assistance.	6	67%	17%	17%	0%	0%	0%

	# of Responses	Website	Notice from Bank	Friend/Neighbor	Referred by Another Agency	Other
5. How did you find out about us?	8	13%	0%	13%	0%	75%

	# of Responses	Mail	E-mail	In Person	Other
6. How did you file your complaint?	8	88%	0%	0%	13%

*Please complete this section if you contacted the Department by telephone: (if not applicable skip to #13)*

	# of Responses	Yes	No
7. Did you use the agency's toll-free number?	5	40%	60%
8. If not, were you informed about the agency's toll free number?	2	0%	100%
9. Were you asked to submit a complaint form to begin an investigation?	4	75%	25%

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
10. The Department's automated menu was relatively easy to use.	4	50%	0%	0%	0%	0%	50%
11. The Consumer Assistance staff adequately identified themselves.	4	50%	50%	0%	0%	0%	0%
12. The Consumer Assistance staff was courteous and friendly.	4	25%	25%	25%	0%	0%	0%

**Please complete the following if your complaint was NOT resolved in your favor: (if not applicable skip to #21)**

	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
13. I feel the Consumer Assistance staff understood the basis of my complaint.	6	50%	33%	17%	0%	0%	0%
14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.	6	50%	17%	17%	17%	0%	0%
15. A copy of applicable laws was included in the Department's response.	6	33%	0%	17%	0%	0%	50%
16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	6	33%	17%	0%	0%	0%	50%
17. An explanation was given as to why the Department could not resolve my complaint.	6	0%	33%	0%	17%	0%	50%
18. The explanation given was fair and objective.	6	17%	17%	17%	17%	0%	33%
19. Options were offered to help me resolve my problem.	5	20%	0%	0%	0%	0%	60%
20. I received a response within the timeframes disclosed to me.	6	50%	33%	0%	0%	0%	17%

**Please complete the following if your complaint was resolved in your favor: (if not applicable skip to # 27)**

	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
21. I feel the Consumer Assistance staff understood the basis of my complaint.	5	100%	0%	0%	0%	0%	0%
22. The response provided addressed the important aspects of my complaint and provided useful information.	5	100%	0%	0%	0%	0%	0%
23. A copy of applicable laws was included in the Department's response.	5	40%	0%	0%	0%	0%	60%
24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	5	60%	0%	0%	0%	0%	40%
25. The resolution was fair considering applicable laws.	5	80%	20%	0%	0%	0%	0%
26. I received a response within the timeframes disclosed to me.	5	80%	20%	0%	0%	0%	0%

**If you accessed the Department via the Internet:**

	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
27. I found the website easy to use.	5	40%	0%	0%	0%	0%	60%
28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.	5	40%	0%	0%	0%	0%	60%

*Consumer Service Survey  
Bank and Trust Supervision*

*Reflects summary responses from 16 surveys received or 9.5% of the 169 recipients of electronic survey*

**1. How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?**

Very Unsatisfied	6	38%
Unsatisfied	0	0%
Neutral	1	6%
Satisfied	3	18%
Very Satisfied	0	0%
N/A – Not Applicable	6	38%
<b>Total</b>	<b>16</b>	<b>100%</b>

**2. How satisfied are you with the agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of name plates or tags for accountability?**

Very Unsatisfied	6	39%
Unsatisfied	2	12%
Neutral	2	12%
Satisfied	1	6%
Very Satisfied	1	6%
N/A – Not Applicable	4	25%
<b>Total</b>	<b>16</b>	<b>100%</b>

**3. How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?**

Very Unsatisfied	7	45%
Unsatisfied	2	12%
Neutral	1	7%
Satisfied	2	12%
Very Satisfied	2	12%
N/A – Not Applicable	2	12%
<b>Total</b>	<b>16</b>	<b>100%</b>

**4. How satisfied are you with the agency's Internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?**

Very Unsatisfied	4	25%
Unsatisfied	4	25%
Neutral	3	20%
Satisfied	1	6%
Very Satisfied	2	12%
N/A – Not Applicable	2	12%
<b>Total</b>	<b>16</b>	<b>100%</b>



**5. How satisfied are you with the agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?**

Very Unsatisfied	8	50%
Unsatisfied	0	0%
Neutral	4	25%
Satisfied	2	13%
Very Satisfied	1	6%
N/A – Not Applicable	1	6%
<b>Total</b>	<b>16</b>	<b>100%</b>

**6. How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?**

Very Unsatisfied	6	38%
Unsatisfied	1	6%
Neutral	2	12%
Satisfied	3	20%
Very Satisfied	2	12%
N/A – Not Applicable	2	12%
<b>Total</b>	<b>16</b>	<b>100%</b>

**7. How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?**

Very Unsatisfied	4	26%
Unsatisfied	0	0%
Neutral	2	12%
Satisfied	2	12%
Very Satisfied	0	0%
N/A – Not Applicable	8	50%
<b>Total</b>	<b>16</b>	<b>100%</b>

**8. Please rate your overall satisfaction with the agency.**

Very Unsatisfied	8	50%
Unsatisfied	2	12%
Neutral	1	6%
Satisfied	3	20%
Very Satisfied	2	12%
N/A – Not Applicable	0	0%
<b>Total</b>	<b>16</b>	<b>100%</b>

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### *Rate the Department Analysis*

Invitations were sent to 170 MSBs requesting that they complete the online survey. The Department received 30 responses, accounting for only 16% of the total number of licensees.

Overall, 92% of respondents expressed that Department personnel are responding satisfactorily to their needs. Approximately 89% of the MSBs conveyed that examiner conclusions and recommendations were well supported regarding the company's condition. Only a few respondents had negative criticism regarding the same subject.

## Non-Depository Supervision – MSB “Rate the Department” Survey – 2019

Please take a moment to complete the survey to reflect your experience in communicating or working with Department personnel over the last 12 months. Surveys should be completed by February 3, 2020. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

16 Respondents

## COMMUNICATION & CORRESPONDENCE

### 2. Material changes to the Department’s rules, policies and procedures are communicated and explained to us in a timely fashion.

Strongly Agree	15	50%
Agree	14	47%
Disagree	0	0%
Strongly Disagree	1	3%
No Opinion	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

### 3. Headquarters office staff is accessible and provides timely and accurate feedback/answers.

Strongly Agree	16	53%
Agree	11	37%
Disagree	0	0%
Strongly Disagree	2	7%
No Opinion	1	3%
<b>Total</b>	<b>30</b>	<b>100%</b>

### 4. Correspondence regarding routine business matters is handled in a prompt and effective manner.

Strongly Agree	15	50%
Agree	12	40%
Disagree	1	3%
Strongly Disagree	2	7%
No Opinion	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

### 5. What issues should be addressed by the Department to improve the money services business industry in Texas?

14 Responses

### 6. What issues should be addressed by the Department to reduce or minimize regulatory burden?

13 Responses

## 7. Other suggestions or comments regarding communication and correspondence.

15 Responses

## EXAMINATION COMMUNICATION

### 8. The scope and goals of examinations are clearly communicated to management prior to the start of the examination.

Strongly Agree	16	57%
Agree	11	39%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

### 9. Access to the Department's Data Exchange (DEX) allowed us to upload, report, and exchange data quickly.

Strongly Agree	11	39%
Agree	9	32%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	7	25%
<b>Total</b>	<b>28</b>	<b>100%</b>

### 10. Examiners' requests for information prior to and during the examinations are timely and reasonable.

Strongly Agree	11	39%
Agree	15	53%
Disagree	1	4%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

### 11. Department examiners acted in a professional and courteous manner during the examination.

Strongly Agree	16	57%
Agree	11	39%
Disagree	0	0%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**12. Examiners adequately communicated with management throughout the examination and at the exit meeting.**

Strongly Agree	16	57%
Agree	11	39%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**13. Examiners appear to be informed of current industry issues and are adequately trained and qualified to examine the licensee.**

Strongly Agree	16	57%
Agree	11	39%
Disagree	0	0%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**14. Examiners remained focused on the key issues confronting your company.**

Strongly Agree	15	54%
Agree	12	42%
Disagree	0	0%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28%</b>	<b>100%</b>

**15. Conclusions regarding the company's condition and recommendations for corrective actions were well supported.**

Strongly Agree	13	46%
Agree	12	43%
Disagree	2	7%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**16. Did any events or comments take place during the examination that you felt were surprising, unfair, unreasonable or not in conformance with examination policy?**

13 Responses

**17. The report of examination was received in a timely fashion.**

Strongly Agree	14	50%
Agree	13	46%
Disagree	0	0%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**18. The report of examination clearly communicated examination findings from the exit meeting, and corrective actions management needs to take.**

Strongly Agree	15	53%
Agree	12	43%
Disagree	0	0%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**19. The on-site timeframe for the examination was reasonable and examiners worked to minimize the disruptions to your daily duties.**

Strongly Agree	12	42%
Agree	14	50%
Disagree	1	4%
Strongly Disagree	1	4%
No Opinion	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**20. Other suggestions or comments regarding examination communication.**

7 Responses

**21. Has your company been examined by a multi-state joint examination in 2019?**

Yes	17	61%
No	11	39%
<b>Total</b>	<b>28</b>	<b>100%</b>

**22. Was Texas a participant of this joint examination?**

Yes	13	65%
No	7	35%
<b>Total</b>	<b>20</b>	<b>100%</b>

**23. Was Texas the lead state of the joint examination?**

Yes	5	25%
No	15	75%
<b>Total</b>	<b>20</b>	<b>100%</b>

**24. Multi-state requests for information prior to and during the multi-state examination were timely and reasonable.**

Strongly Agree	5	23%
Agree	11	50%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	5	23%
<b>Total</b>	<b>22</b>	<b>100%</b>

**25. The lead state adequately managed communication between examining states and the company.**

Strongly Agree	6	28%
Agree	9	43%
Disagree	2	10%
Strongly Disagree	0	0%
No Opinion	4	19%
<b>Total</b>	<b>21</b>	<b>100%</b>

**26. The multi-state examination timeframe was reasonable, and examiners worked to minimize the disruptions to your daily duties.**

Strongly Agree	6	27%
Agree	10	46%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	5	23%
<b>Total</b>	<b>22</b>	<b>100%</b>

**27. The number of participating states in the most recent multi-state examination of your company.**

16 Responses

**28. The maximum number of states that should participate in a multi-state examination.**

15 Responses

**29. Do you prefer one multi-state examination versus multiple independent examinations?**

Joint	17	74%
Independent	6	26%
<b>Total</b>	<b>23</b>	<b>100%</b>



**30. Please list the state(s) that was/were the lead in 2019.**

16 Responses

**31. Please list the benefits of a multi-state examination, if any.**

14 Responses

**32. Please list the areas in need of improvement regarding multi-state examinations, if any.**

10 Responses

**33. Other suggestions or comments regarding multi-state examinations.**

7 Responses

## CORPORATE ACTIVITIES DIVISION

**34. Have you used the services of our Corporate Division within the last 12 months? If no, skip to the next section.**

Yes	4	14%
No	24	86%
<b>Total</b>	<b>28</b>	<b>100%</b>

**35. The Corporate Division is accessible and professional.**

Strongly Agree	2	33%
Agree	1	17%
Disagree	0	0%
Strongly Disagree	1	17%
No Opinion	2	33%
<b>Total</b>	<b>6</b>	<b>100%</b>

**36. The content and substance of responses are appropriate and timely.**

Strongly Agree	2	29%
Agree	2	29%
Disagree	0	0%
Strongly Disagree	1	14%
No Opinion	2	28%
<b>Total</b>	<b>7</b>	<b>100%</b>

**37. Requests for information are reasonable.**

Strongly Agree	3	44%
Agree	2	28%
Disagree	0	0%
Strongly Disagree	1	14%
No Opinion	1	14%
<b>Total</b>	<b>7</b>	<b>100%</b>

**38. Other suggestions or comments regarding the corporate division.**

2 Responses

**LEGAL DIVISION****39. Have you used the services of our Legal Division within the last 12 months? If no, skip to the next section.**

Yes	2	7%
No	26	93%
<b>Total</b>	<b>28</b>	<b>100%</b>

**40. The Legal Division is accessible and professional.**

Strongly Agree	1	25%
Agree	1	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	50%
<b>Total</b>	<b>4</b>	<b>100%</b>

**41. Responses are generally timely.**

Strongly Agree	1	25%
Agree	0	0%
Disagree	2	50%
Strongly Disagree	0	0%
No Opinion	1	25%
<b>Total</b>	<b>4</b>	<b>100%</b>

**42. The content and substance of responses are appropriate and timely.**

Strongly Agree	1	25%
Agree	1	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	50%
<b>Total</b>	<b>4</b>	<b>100%</b>

**43. Requests for information are reasonable.**

Strongly Agree	1	25%
Agree	0	0%
Disagree	1	25%
Strongly Disagree	0	0%
No Opinion	2	50%
<b>Total</b>	<b>4</b>	<b>100%</b>

**44. Other suggestions or comments regarding the legal division.**

1 Response

**OVERALL DEPARTMENT EFFECTIVENESS****45. Overall, Department personnel are responding satisfactorily to my needs.**

Strongly Agree	16	57%
Agree	10	35%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	1	4%
<b>Total</b>	<b>28</b>	<b>100%</b>

**46. I find the Department's website easy to navigate.**

Strongly Agree	13	46%
Agree	13	46%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	1	4%
<b>Total</b>	<b>28</b>	<b>100%</b>

**47. I or my staff have visited the Department's website approximately XX times during the last 12 months.**

None	1	4%
1 to 10	19	68%
11 to 20	4	14%
21 to 50	4	14%
51+	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>

**48. What information is the most useful on the Department's website?**

14 Responses

**49. What other type of information would you like to see on the Department's website?**

5 Responses

**50. Have you corresponded with the Department about a consumer complaint issue within the last 12 months? (If no, skip to the next section)**

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion
Requests for information were reasonable.	4 27%	3 20%	0 0%	0 0%	8 53%
The issue was handled in a professional manner.	3 21%	3 21%	0 0%	0 0%	8 58%
The Department's findings were based on a logical interpretation of applicable law.	3 21%	3 21%	0 0%	0 0%	8 58%
The Department's suggestion for resolving the matter was reasonable.	2 14 %	2 14%	1 7%	0 0%	9 65%

**51. Other suggestions or comments regarding overall Department effectiveness.**

5 Responses

**52. If there is any feedback that you would like to provide or other areas on which you would like to comment, please take this opportunity to let us know. Also, if you would like the Commissioner to call you on a specific question or comment, please indicate below. Note that you must provide your name if you want a call back.**

5 Responses

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## Analysis and Results of PFC/PCC Surveys

### *Rate the Department Analysis*

Invitations were sent to 267 PFCs and PCCs requesting each entity complete the online survey. Only 52 responses were received, accounting for approximately 19% of the total number of licensees that received the survey. The overall results were mostly positive.

The agency received a 90% satisfactory performance rating for the ability of our examiners to act in a professional and courteous manner during examinations. Ninety-four percent of respondents agreed that headquarters office staff are accessible and provide timely and accurate feedback.

## Non-Depository Supervision – PFC/PCC "Rate the Department" Survey – 2019

Please take a moment to complete the survey to reflect your experience in communicating or working with Department personnel over the last 12 months. Surveys should be completed by February 3, 2020. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

34 Respondents

## COMMUNICATION & CORRESPONDENCE

### 2. Material changes to the Department's rules, policies, and procedures are communicated to us in a timely fashion.

Strongly Agree	18	34%
Agree	30	58%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	1	2%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 3. Headquarters office staff is accessible and provides timely and accurate feedback/answers.

Strongly Agree	27	52%
Agree	22	42%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	2	4%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 4. Correspondence regarding routine business matters are handled in a prompt and effective manner.

Strongly Agree	25	48%
Agree	24	46%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	2	4%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 5. What issues need to be addressed by the Department to improve the prepaid funeral contract or perpetual care cemetery industries in Texas?

22 Responses

### 6. What issues should be addressed by the Department to reduce or minimize regulatory burden?

22 Responses

## 7. Other suggestions or comments regarding communication and correspondence.

17 Responses

## EXAMINATION COMMUNICATION

### 8. The scope and goals of examinations are clearly communicated to management prior to the start of the examination.

Strongly Agree	23	44%
Agree	25	48%
Disagree	2	4%
Strongly Disagree	0	0%
No Opinion	2	4%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 9. If utilized in 2019, access to the Department's Data Exchange (DEX) allowed us to upload, report, and exchange data quickly.

Strongly Agree	10	19%
Agree	19	37%
Disagree	2	4%
Strongly Disagree	0	0%
NA	21	40%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 10. Examiners' requests for information prior to and during the examinations are timely and reasonable.

Strongly Agree	24	46%
Agree	19	37%
Disagree	5	10%
Strongly Disagree	0	0%
No Opinion	4	7%
<b>Total</b>	<b>52</b>	<b>100%</b>

### 11. Department examiners acted in a professional and courteous manner during the examination.

Strongly Agree	31	60%
Agree	16	31%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	4	7%
<b>Total</b>	<b>52</b>	<b>100%</b>



**12. Examiners adequately communicated with management throughout the examination and the exit meeting.**

Strongly Agree	29	56%
Agree	16	31%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	4	7%
<b>Total</b>	<b>52</b>	<b>100%</b>

**13. Examiners appear to be informed of current industry issues and are adequately trained and qualified to examine the licensee.**

Strongly Agree	25	48%
Agree	21	40%
Disagree	2	4%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	<b>52</b>	<b>100%</b>

**14. Examiners remain focused on the key issues confronting your company.**

Strongly Agree	27	52%
Agree	17	33%
Disagree	4	8%
Strongly Disagree	0	0%
No Opinion	4	7%
<b>Total</b>	<b>52</b>	<b>100%</b>

**15. Conclusions regarding the company's condition and recommendations for corrective actions were well supported.**

Strongly Agree	21	40%
Agree	24	46%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	<b>52</b>	<b>100%</b>

**16. Did any events or comments take place during the examination that you felt were surprising, unfair, unreasonable or not in conformance with examination policy?**

32 Responses

**17. The report of examination was received in a timely fashion.**

Strongly Agree	24	46%
Agree	24	46%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	3	6%
<b>Total</b>	<b>52</b>	<b>100%</b>

**18. The report of examination clearly communicated the examination findings from the exit meeting, and corrective actions management needs to take.**

Strongly Agree	27	52%
Agree	19	37%
Disagree	2	4%
Strongly Disagree	1	2%
No Opinion	3	5%
<b>Total</b>	<b>52</b>	<b>100%</b>

**19. The on-site timeframe for the examination was reasonable and examiners worked to minimize the disruptions to your daily duties.**

Strongly Agree	27	52%
Agree	17	32%
Disagree	4	8%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	<b>52</b>	<b>100%</b>

**20. Other suggestions or comments regarding examination communication.**

18 Responses

**LEGAL DIVISION****21. Have you used the services of our Legal Division within the last 12 months? If no, skip to the next section.**

Yes	1	2%
No	50	98%
<b>Total</b>	<b>51</b>	<b>100%</b>

**22. The Legal Division is accessible and professional.**

Strongly Agree	1	8%
Agree	1	8%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	11	84%
<b>Total</b>	<b>13</b>	<b>100%</b>

**23. Responses are generally timely.**

Strongly Agree	1	8%
Agree	3	23%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	9	69%
<b>Total</b>	<b>13</b>	<b>100%</b>

**24. The content and substance of responses are appropriate and timely.**

Strongly Agree	1	8%
Agree	3	23%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	9	69%
<b>Total</b>	<b>13</b>	<b>100%</b>

**25. Requests for information are reasonable.**

Strongly Agree	2	15%
Agree	3	23%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	62%
<b>Total</b>	<b>13</b>	<b>100%</b>

**26. Other suggestions or comments regarding the legal division.**

1 Response

## OVERALL DEPARTMENT EFFECTIVENESS

### 27. Overall, Department personnel are responding satisfactorily to my needs.

Strongly Agree	24	47%
Agree	22	43%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	2	4%
<b>Total</b>	<b>51</b>	<b>100%</b>

### 28. I find the Department's website easy to navigate.

Strongly Agree	13	25%
Agree	32	63%
Disagree	2	4%
Strongly Disagree	1	2%
No Opinion	3	6%
<b>Total</b>	<b>51</b>	<b>100%</b>

### 29. I or my staff have visited the Department's website approximately XX times during the last 12 months.

None	7	13%
1 to 10	34	67%
11 to 20	6	12%
21 to 50	4	8%
51+	0	0%
<b>Total</b>	<b>51</b>	<b>100%</b>

### 30. What information is the most useful on the Department's website?

31 Responses

### 31. What other type of information would you like to see on the Department's website?

11 Responses

**32. Have you corresponded with the Department on a consumer complaint issue within the last 12 months? (If no, skip to the next section).**

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Strongly Agree	Agree	Disagree	Strongly Disagree	No Opinion
Requests for information were reasonable.	3 19%	7 44%	0 0%	0 0%	6 37%
The issue was handled in a professional manner.	3 20%	8 53%	0 0%	0 0%	4 27%
The Department's findings were based on a logical interpretation of applicable law.	3 20%	8 53%	0 0%	0 0%	4 27%
The Department's suggestion for resolving the matter was reasonable.	4 27%	6 40%	0 0%	0 0%	5 33%

**33. Other suggestions or comments regarding overall Department effectiveness.**

6 Responses

**34. If there is any feedback that you would like to provide or other areas on which you would like to comment, please take this opportunity to let us know. Also, if you would like the Commissioner to call you on a specific question or comment, please indicate below. Note that you must provide your name if you want a call back.**

7 Responses

***Survey of Consumer Complainants of PFC, PCC, MSB, and Cemetery Brokers Licensees Analysis***

Sixty-one PFC and PCC complainants were mailed surveys and two responded. There were no cemetery broker complaints during the survey period. Overall, 100% of respondents were satisfied with the Department's assistance. There was no dissatisfaction noted from either response.

Sixty surveys were mailed to complainants of MSBs; however, no survey responses were returned.

**Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2019**  
**Prepaid Funeral Benefits and Perpetual Care Cemeteries**

*Reflects summary responses from three surveys received or 3% of the 61 surveys mailed.*

**Complaints opened In FY-2019**

**General Feedback:**

1. It was relatively easy to file a complaint with the Department.
2. I had adequate access to the Consumer Assistance staff.
3. The Consumer Assistance staff handled my problem in a professional manner.
4. Overall, I was satisfied with the Department's assistance.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
2	2019	100%	0%	0%	0%	0%	0%
2	2019	100%	0%	0%	0%	0%	0%
2	2019	100%	0%	0%	0%	0%	0%
2	2019	100%	0%	0%	0%	0%	0%

5. How did you find out about us?

# of Responses	Year	Referred by				
		Web-Site	Notice from Bank	Friend/Neighbor	Another Agency	Other
2	2019	100%	0%	0%	0%	0%

6. How did you file your complaint?

# of Responses	Year	Mall	E-mail	In Person	Other
2	2019	50%	50%	0%	0%

**If you contacted the Department by telephone:**

7. Did you use the agency's toll-free number
8. If not, were you informed about the agency's toll-free number?
9. Were you asked to submit a complaint form to begin an investigation?
10. The Department's automated menu was relatively easy to use.
11. The Consumer Assistance staff adequately identified themselves.
12. The Consumer Assistance staff was courteous and friendly.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
1	2019	0%	0%	0%	100%	0%	0%
0	2019						
0	2019						
0	2019						
0	2019						
0	2019						

**If your complaint was NOT resolved In your favor:**

13. I feel the Consumer Assistance staff understood the basis of my complaint.
14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.
15. A copy of applicable laws was included in the Department's response.
16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.
17. An explanation was given as to why the Department could not resolve my complaint.
18. The explanation given was fair and objective.
19. Options were offered to help me resolve my problem.
20. I received a response within the timeframes disclosed to me.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
0	2019						
0	2019						
0	2019						
0	2019						
0	2019						
0	2019						
0	2019						
0	2019						

**If your complaint was resolved In your favor:**

21. I feel the Consumer Assistance staff understood the basis of my complaint.
22. The response provided addressed the important aspects of my complaint and provided useful information.
23. A copy of applicable laws was included in the Department's response.
24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.
25. The resolution was fair considering applicable laws.
26. I received a response within the timeframes disclosed to me.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
2	2019	100%	0%	0%	0%	0%	0%
2	2019	50%	0%	50%	0%	0%	0%
2	2019	50%	0%	50%	0%	0%	0%
2	2019	50%	0%	50%	0%	0%	0%
2	2019	100%	0%	0%	0%	0%	0%
2	2019	50%	50%	0%	0%	0%	0%

**If you accessed the Department via the Internet:**

27. I found the website easy to use.
28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
2	2019	100%	0%	0%	0%	0%	0%
2	2019	100%	0%	0%	0%	0%	0%

## Customer Relations Representatives

Agency personnel designated as Customer Relations Representatives for the various regulated industries are as follows:

For state-chartered banks, trust companies, and foreign bank agencies operating in Texas:	For perpetual care cemeteries and prepaid funeral contract sellers operating in Texas:	For money services businesses operating in Texas:
Mr. Juan Renteria 512-475-1337 512-475-1313 (fax) <a href="mailto:consumer.complaints@dob.texas.gov">consumer.complaints@dob.texas.gov</a>	Ms. Rebecca McCready 512-475-1287 512-475-1288 (fax) <a href="mailto:pfcpc@dob.texas.gov">pfcpc@dob.texas.gov</a>	Ms. Mary Ann Gonzales 512-475-1291 512-475-1288 (fax) <a href="mailto:msb@dob.texas.gov">msb@dob.texas.gov</a>