

**PRESENTATION TO
THE HOUSE COMMITTEE
ON FINANCIAL INSTITUTIONS**

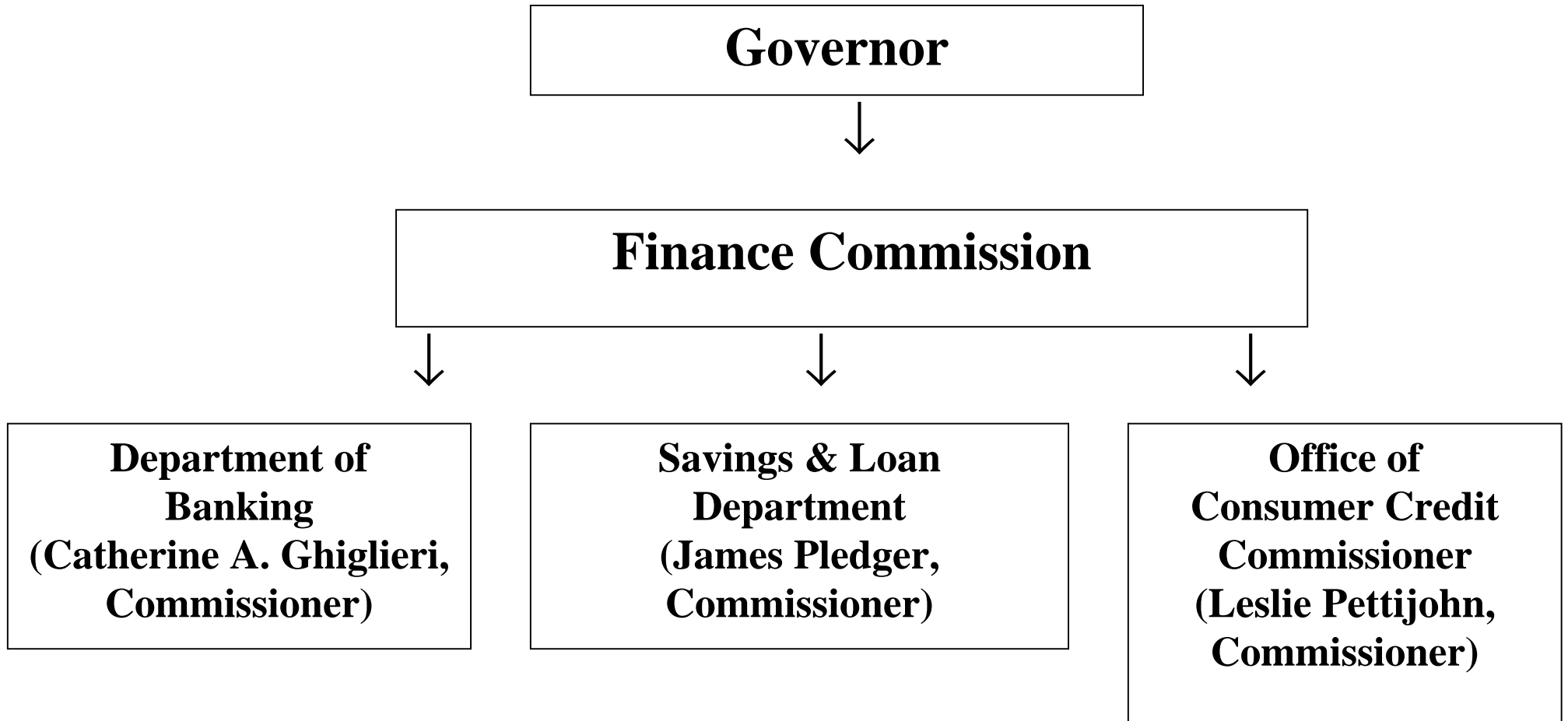
**OVERVIEW OF THE
TEXAS DEPARTMENT OF BANKING**

By

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Commissioner**

February 15, 1999

AGENCY STRUCTURE



REGULATED ENTITIES

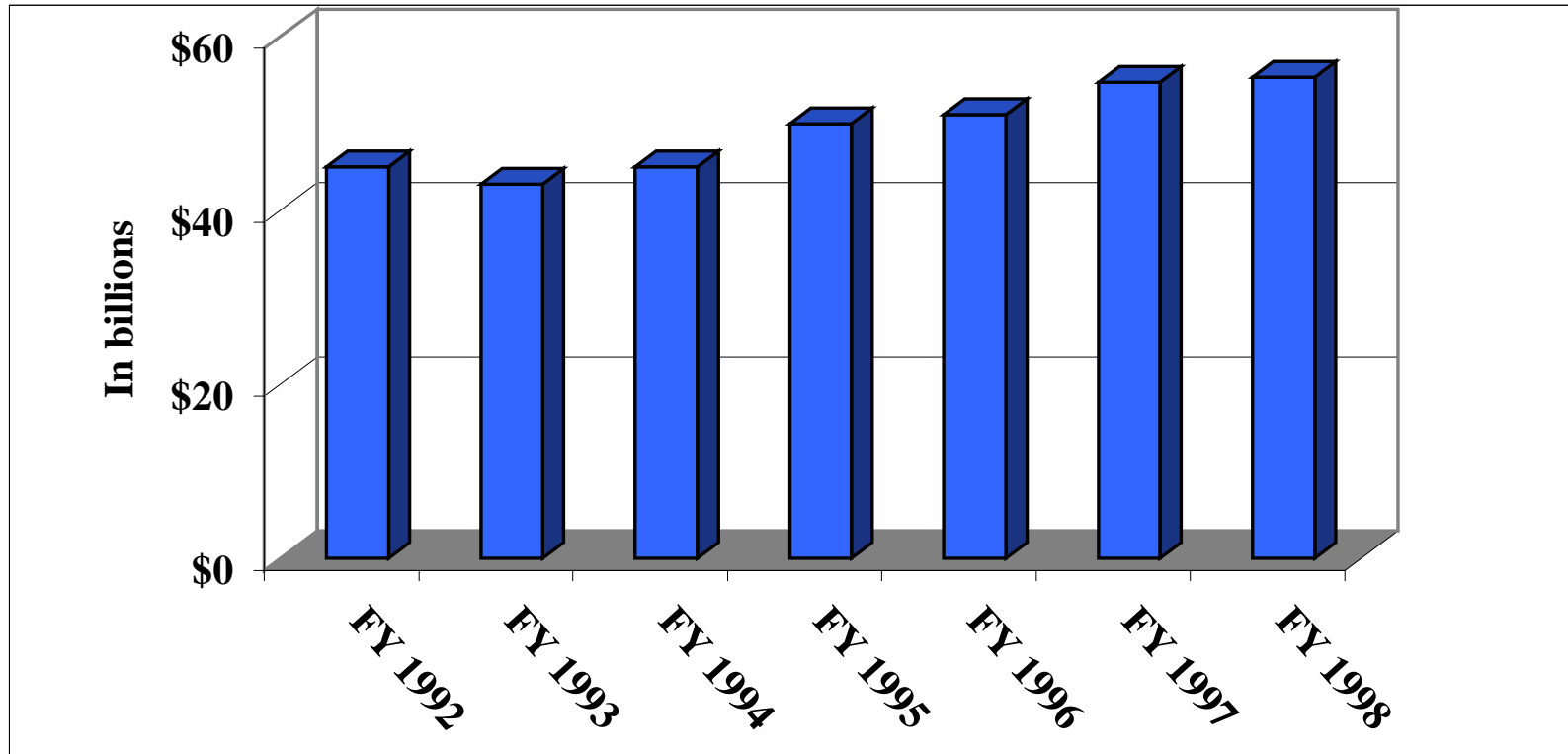
(as of September 30, 1998)

	Number of Entities	Assets (in millions)
Banks	404	\$57,367
Trust Companies	33	\$ 47,780
Foreign Bank Agencies	14	\$ 20,092
Prepaid Funeral Licensees	448	\$ 1,761
Perpetual Care Cemeteries	226	\$ 116
Sale of Check Facilities	38	\$ 382,016
Currency Exchange Operators	79	\$ 33

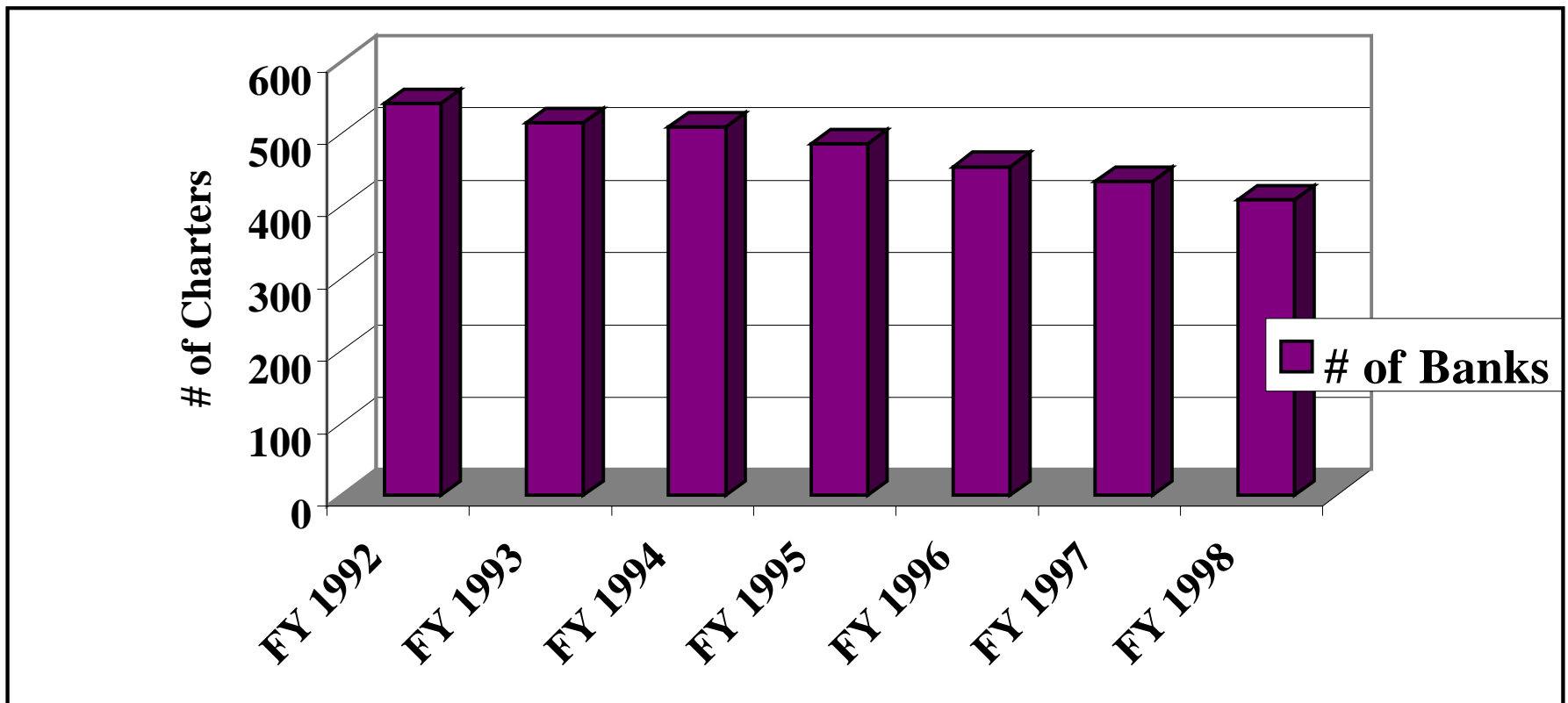
AGENCY REVENUE

- **Department of Banking is self-funding**
- **Department assesses fees to regulated entities**
- **Industry assessments always cover expenses, including other direct and indirect costs listed in the Appropriations Act**

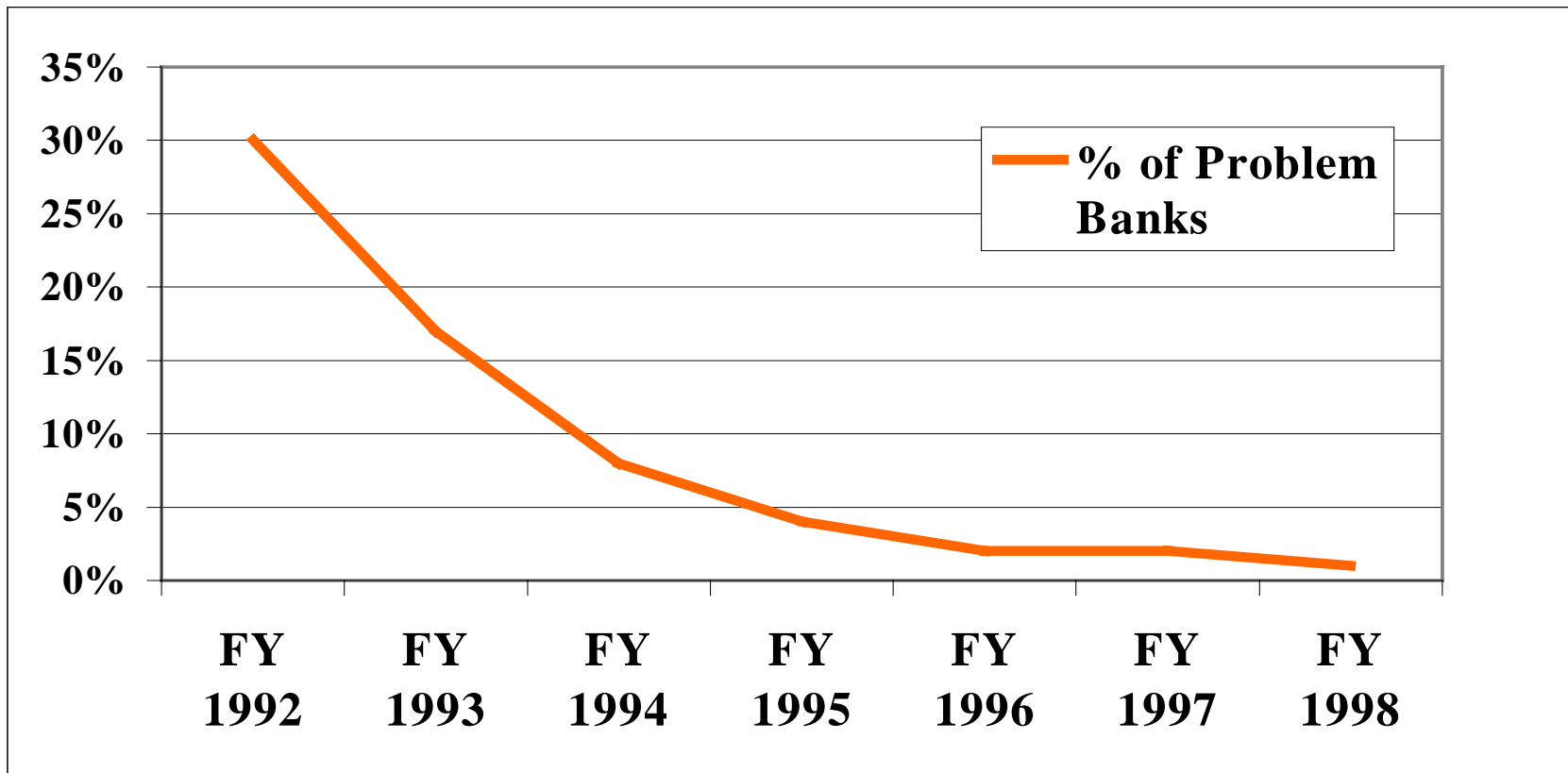
GROWTH IN STATE BANK ASSETS



DECLINE IN NUMBER OF CHARTERS



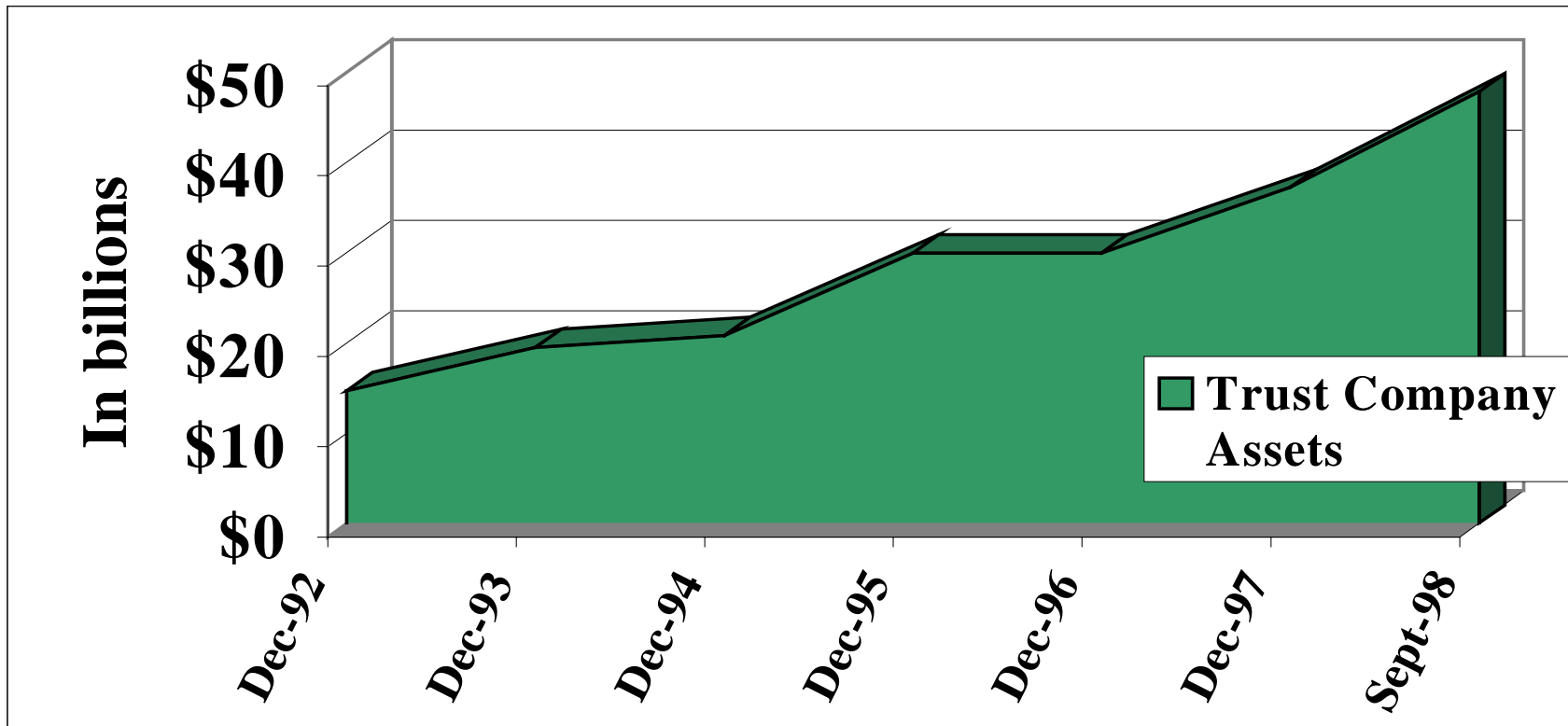
INDUSTRY HAS REGAINED HEALTH



BUT, DECLINE EVIDENT IN BANK CONDITIONS

- **Loosened underwriting standards**
- **Narrowed profits**
- **Squeezed net interest margins**
- **Increased past-dues and loan losses**
- **Deteriorated ag sector**

HIGH GROWTH IN TRUST ASSETS



REGULATORS FOCUS ON YEAR 2000

- **Y2K focus > 2 years**
- **Assessments of all banks completed 6/30/98**
- **Second round of examinations finish 3/31/99**
- **Enforcement authority against laggards**
- **Public awareness campaign**
- **Cash reserves ordered**

BANKS = PREPARED FOR YEAR 2000

<u>Deadline</u>	<u>Action</u>
3/31/99	Test mission critical systems
6/30/99	New systems in place and running
6/30/99	Contingency plans for possible disruptions
Constant	Customer awareness campaigns

Exams show 99% = adequately prepared

INTERSTATE BRANCHING IS HERE

- **Texas opted out in 1995**
- **Lawsuits waged to uphold state law**
- **May '98 court ruling = interstate branching in Texas**
- **Legislative package to align state laws with interstate environment**