

# STRATEGIC PLAN

Fiscal Years 2023 to 2027



Texas Department of Banking

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**Agency Strategic Plan**

**Fiscal Years 2023 to 2027**

**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
George (Cliff) McCauley, Vice Chairman	June 28, 2018 to Feb 1, 2024	San Antonio
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
William M. (Will) Lucas	Sept 27, 2011 to Feb 1, 2024	Center
Sharon McCormick	April 20, 2020 to Feb 1, 2026	Frisco
Roselyn (Rosie) Morris, Ph.D.	March 24, 2022 to Feb 1, 2026	San Marcos
Vince E. Puente, Sr.	Aug 25, 2016 to Feb 1, 2024	Fort Worth
Debbie Scanlon	May 5, 2021 to Feb 1, 2022	Missouri
Laura Nassri Warren	April 20, 2020 to Feb 1, 2026	Palmhurst

**Submitted June 1, 2022**

/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 and supervision of our chartered and licensed entities. 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, and foreign bank agency, foreign bank branch, and foreign bank representative office (foreign bank organizations) 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 management information systems (MIS).
- Research and report on changing industry, statutory, and economic conditions, (e.g., with the effects from Coronavirus Disease 2019 (COVID-19), escalating geopolitical risks and inflationary pressures), and develop appropriate supervisory strategies to adapt to these changes.
- React timely and appropriately when needed to implement disaster preparedness plans and adjust to changing situations as applicable to continue providing effective oversight of regulated entities.

## Agency Goals and Action Plans

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- Monitor industry status and engage in regular communication with federal regulators (FDIC and FRB) and the Conference of State Bank Supervisors (CSBS).
- Obtain feedback from regulated entities regarding proposed rule changes.
- Promote cybersecurity awareness and best practices among our regulated entities and employees.
- Maintain a cybersecurity tracking system and monitor remediation efforts associated with cybersecurity incidents reported by our regulated entities.
- 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), which will be fully phased out by June 30, 2023.
- Identify and investigate fraudulent activities and insider abuse.
- 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, or a significant increase in the regulated asset base.
- 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.
- 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.
- Improve agency's technologies through the adoption of cloud offerings, where appropriate, and by ensuring current technologies are in use to support regulatory obligations and operations.
- Enhance the Department's examination procedures and scoping processes to effectively utilize examination resources and technology to accurately evaluate risks and risk management practices of our regulated entities.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- 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 various 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 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 DEX, which is used by regulated entities and examination staff to improve the transmission of information.
- Adopt and maintain appropriate technologies to support efficient, effective, and secure operations.
- Leverage technology to conduct efficient, risk-focused examinations that target areas of concern and facilitate effective examinations on- and off-site.
- Review examination procedures on a continual basis and develop and refine procedures to address industry trends when necessary.
- Allow flexible work schedules where appropriate 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 organizations.
- 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 frequently 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.
- 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, trust companies, and foreign bank organizations 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

As the worldwide COVID-19 pandemic began and quickly spread in December 2019, it paralyzed the financial markets and resulted in an unprecedented recession fueled by significant unemployment throughout the United States, including Texas. However, the recession was technically the shortest on record as businesses and consumers generally benefited from the U.S. government's Coronavirus, Aid, Relief, and Economic Security (CARES) Act, which provided significant stimulus money that supported businesses and Texans until employers began hiring again. The CARES Act included the Paycheck Protection Program (PPP), which was implemented by the Small Business Administration with unprecedented reliance on community banks to process and fund PPP loan applications to qualified businesses, self-employed workers, and sole proprietors. This program provided entities the necessary liquidity to pay their employees and other operating costs during the pandemic.

Despite a significant impact on public health and subsequent labor supply shortages, the Texas economy has responded favorably throughout the pandemic and continues to outperform the nation in job growth. The pandemic has had a marginal impact on the overall financial condition of Texas state-chartered banks and trust companies. Financial institutions have been resilient and provided necessary liquidity to borrowers while adequately managing their credit risk. Banks have remained well-capitalized with generally sound earnings and ample liquidity. Nonetheless, there are risks associated with additional COVID-19 variants, labor shortages, lasting supply chain constraints, geopolitical risks, and elevated inflationary pressures that pose threats to the industry. The Department

## Agency Goals and Action Plans

must be prepared for a potential rise in problem institutions, which could place additional strains on agency resources. The Bank and Trust Supervision Division will continue to actively monitor, evaluate, and respond to the risks posed to our regulated entities.

The number of banking entities supervised by the Department as of December 31, 2021, is shown in the following table:

Regulated Entities	Number of Entities As of December 31, 2021	Total Assets (\$ millions)
Commercial Banks	214	423,527
Commercial Bank Trust Departments	33	116,403*
Trust Companies	17 Non-exempt 19 Exempt	167,438**
Offices of Foreign Bank Organizations (FBOs)***	4 Agencies 15 Representative Offices 3 Branches	116,640

\* Asset under management is not included in total assets of commercial banks.

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

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

The number of regulated financial institutions has declined over the years primarily due to consolidations; however, the dollar volume of assets under supervision reflects a significant increase due to acquisitions, charter conversions, and organic growth. This trend has produced banks that are more complex, larger in size, operate offices in more diverse geographic locations, and offer a broader array of products and services.

### Effective Examinations

The pandemic required modifications to how examinations were performed historically. The Bank and Trust Supervision Division currently conducts off-site examinations utilizing revised, risk-focused procedures with on-site work as well as in-person management and board meetings on a limited basis. Banks and trust companies due for an examination receive an on-site or off-site examination, or a combination thereof, based on COVID-19 variant cases in the community. Most recently, more on-site work has been performed. The Department continues to evaluate health and safety protocols and expects more on-site examinations will commence in mid-to-late 2022 as these protocols are lifted.

The Department participates with the FDIC and FRB in a longstanding, cooperative examination program, which provides for both alternating and joint bank examinations. The agency must meet the highest expectations and supervisory standards to maintain the state's role in enhancing the dual banking system. This program improves efficiencies for the Department and federal regulators, while providing a benefit to regulated entities by reducing regulatory burden. As part of the cooperative examination program, the agency must also be accredited by CSBS.

The Department utilizes the FDIC's Examination Tools Suite (ETS) to review and document examinations. The agency's internal ETS workgroup develops worksheets to help staff streamline the examination process. ETS has improved the collaboration of findings among examination staff and review examiners while allowing bank examiners with the Department, FDIC, and FRB to share information more effectively in the examination of financial institutions for safety and soundness. ETS has been an efficient tool, however, there are opportunities to improve its functionality,

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particularly with report processing. The Department's ETS workgroup has developed alternatives to help staff continue to process reports until the technical issues with ETS are resolved. Enhancements to ETS will continue to evolve and require additional training and resources. The agency also utilizes DEX, which is in the process of being upgraded by year-end 2022, to securely share information with regulated entities and federal counterparts.

The Department will continue to concentrate on risk-focused, forward-looking examinations, which includes an examination modernization project expected to be fully implemented over the next few years. The project focuses on improving the Department's examination procedures and scoping processes to better tailor examinations to each institution, utilize resources and technology more effectively, and better evaluate risks and risk management processes of our regulated entities as they grow in size and complexity.

### **Staffing Resources**

A large portion of the Department's resources are dedicated to the activities of the Bank and Trust Supervision Division. As of March 31, 2022, the division represents 62% of the agency's 170 employees. Based on the authorized staffing plan, however, the division is understaffed by 23 full-time employees as of March 2022. As regulated entities become more complex, the need to be fully staffed will become more critical. Operating with insufficient resources may cause examination staffing fatigue as the workload continues to increase.

Staff in this division are primarily responsible for conducting examinations and performing off-site monitoring of state-chartered banks and trust companies. Department employees must be knowledgeable of regulatory changes, emerging trends, and economic conditions at both the state and national levels to be successful in meeting the agency's goals. Monitoring and identifying concerns surrounding the stability of state-chartered financial institutions and detecting individual banks and trust companies that demonstrate an increased risk profile are critical. Examiners routinely review institutional exposures to changing economic conditions, and when appropriate, the agency acts to mitigate these risks. The Department strives to react quickly to changing economic conditions as well as catastrophic events.

### **Examination Workforce Challenges**

The asset size and complexity 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 must retain experienced examiners, provide specialized training for less experienced staff, and hire qualified personnel with examiner experience if available. This includes specialty examiners skilled in capital markets, Bank Secrecy Act/Anti-Money Laundering, trust, and Information Technology (IT) areas. Banks are beginning to partner with financial technology (FinTech) companies, which are non-depository financial service providers relying heavily on technology to improve their use and delivery to customers almost exclusively through an online platform. As banks partner with these types of companies, the Department will need to provide appropriate training for existing personnel and consider hiring additional personnel with specific knowledge and background in evaluating the potential risks posed by this technology, including unique electronic product delivery methods, blockchain technology, and cryptocurrency. Further, additional tenured examiners will be required to complete these examinations within the mandated timeframes. Staffing changes due to retirements and resignations resulting in less experienced examiner staff could affect the agency's ability to meet its priorities as well as impact productivity among remaining staff over the next five years.

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. Since the start of the pandemic, virtual training replaced traditional in-person educational opportunities. Furthermore, opportunities for on-the-job training at banks has been limited due to the lingering effects of the pandemic. Also, the Department's internal schools typically provided in-person have been postponed; however, the agency anticipates commencing in-person training in June 2022. IT and cybersecurity training remains a priority and all Department field examiners and related directors must attend periodic IT training to stay abreast of this changing environment. Significant resources are dedicated to developing assistant examiners, financial examiner

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levels I-III, into commissioned examiners. Estimated costs to adequately train an examiner through the first four years of employment is approximately \$300,000. This educational investment into an examiner's career is essential to achieving the agency's mission and offering effective examinations. As banks and trust companies under the Department's supervision become larger and more complex, additional resources will be required for staff development, further impacting the agency's budget in the next five years.

The pandemic forced the realization that all work did not need to be performed on-site. While some procedures and communication are more effective on-site and in-person, others can be done remotely. A hybrid model, utilizing a combination of on-site and off-site activity, has been developed and will need to be refined and validated. As with many other agencies and businesses, some employees enjoyed working from home and are reluctant to return to what was previously business as usual. As the Department's hybrid model evolves, it could impact recruitment and retention efforts.

### 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.
- (2) Instabilities in economic conditions, specifically the effects from COVID-19 variants, geopolitical risks, and inflationary pressures, will impact asset quality and other performance metrics.
- (3) Community banks, primarily smaller institutions, will continue to struggle with the cost of complying with federal rules and regulations.
- (4) Competition, especially from non-bank entities, and the easing of credit underwriting standards will increase credit risks.
- (5) Succession planning challenges regarding the recruitment and retention of qualified staff to replace retiring management and board members, especially in smaller, rural communities.
- (6) Rising interest rates could create challenges for some banks to maintain reliable funding sources and sound asset quality.
- (7) Changes in the Texas economy caused by external events, international trade disputes and geopolitical 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, especially in a rising interest rate environment.
- (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.
- (11) Larger banks, those with total assets exceeding \$100 billion, could be subject to assessing their exposure to climate-related financial risks as regulations are expected to be developed by federal regulators.
- (12) Increased competition in the personnel area from other financial service providers, especially from non-banks.

As financial institutions implement advanced automation and innovative technology, cybersecurity, data privacy, and data management risks will continue to increase. Financial records and monetary transmission systems are targets for unauthorized access by sophisticated hackers, terrorists, and other cybercriminals. The trend toward increasingly sophisticated cyber-attacks is expected to continue. The Department and federal banking agencies require financial

## Agency Goals and Action Plans

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institutions to perform internal cybersecurity risk assessments which are reviewed at each examination. The Department continues to maintain a cybersecurity tracking system to monitor events and management's remediation efforts associated with incidents reported by our regulated entities. The Department's website also provides numerous cybersecurity resources for bankers.

The competitive landscape for commercial banks is changing with the growth and diversity in FinTech companies and other non-traditional business models. Mortgage lending, insurance, and payment platforms, for example, are products/services FinTech companies increasingly 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 FinTech related companies and non-traditional lines of business models are expected to continue, further evolving the traditional banking environment. As a result, some banks are strategically partnering with FinTech companies to enhance the services provided to their customers.

### *Digital Assets*

The use of digital assets is disrupting the financial services marketplace, and some Texas state-chartered banks and trust companies have recently expressed interest in offering such assets. President Biden issued an Executive Order in March 2022, Ensuring the Responsible Development of Digital Assets. In summary, the order tasked the U.S. Treasury and other federal financial regulators as well as Congress to identify and address risks that digital assets pose to the financial stability and financial market integrity while promoting safe growth. In April 2022, the FDIC issued a Financial Institution Letter that stated, in part, that any FDIC-supervised institution that intends to engage in crypto or digital assets should notify the FDIC for review and feedback. The Department has determined that Texas state-chartered banks and trust companies, under their existing legal powers, can provide custodial services for customers who possess virtual currency. Digital asset technology is expected to continue evolving over the next five years and warrants close attention. The Department will continue to evaluate this technology and the ramifications associated with the executive order and guidance provided by federal agencies and adjust processes as needed to ensure the safety and soundness of chartered entities.

### *Climate Risks*

A sound risk management function of a financial institution ensures that activities are appropriately identified, measured, monitored, and controlled, including environmental risks. Texas state-chartered banks have been evaluating such risks when underwriting loan applications for years, including stress testing to assess credit risk. In October 2021, the Financial Stability Oversight Council (FSOC) released a report in response to President Biden's Executive Order, Climate-Related Financial Risk. The FSOC identified climate change as an "emerging threat" to U.S. financial stability and is currently assessing the risk through various committees and action plans. The Department will continue to monitor and evaluate the information provided by FSOC and federal regulatory agencies, including supporting data that encompasses broader macro consequences, to determine what guidance, if any, should be developed to assist our community banks with their risk management processes.

There have been recent developments on certain companies boycotting the fossil fuel industry in Texas. The Department will continue to monitor state legislation that prohibits investments in companies that boycott certain energy companies in Texas.

## 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.

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### 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, coordinated, and timely manner. MSB examinations are conducted 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, geopolitical risks, and inflationary pressures that will impact non-depository financial service providers.
- Promote cybersecurity awareness and best practices among our employees, and regulated entities.
- Maintain a cybersecurity tracking system for cybersecurity incidents reported by MSBs.
- Actively participate in the Multi-State MSB Examination Task Force (MMET) and the Money Transmitter Regulators Association (MTRA), CSBS 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.
- Collaborate with legislators during the 88<sup>th</sup> Legislative Session on evaluating and considering the adoption of the Model Money Transmission Modernization Act (Model Law).
- Optimize efficiencies in the examination process utilizing electronic examination tools and DEX to share information with regulated entities and other state regulators.
- Reduce dependencies on obsolete 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 issued against unlicensed entities to bring such establishments into compliance with rules and regulations.
- Ensure correction-oriented enforcement actions are issued 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.
- React appropriately when needed to implement disaster preparedness plans and adjust to changing situations as needed to continue to provide effective oversight of regulated entities.

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- Maintain MSB 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.
- 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 an interment right in a PCC are properly deposited in a trust account and managed appropriately.
- Ensure consumer funds collected by an MSB are properly accounted for and transmitted to the consumer's designated recipient and/or beneficiary or made available to the consumer at a later time.
- Provide consumers various 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.

##### **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 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.
- 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.**

- Accept another state's MSB examination report when certain criteria are met, to avoid unnecessary regulatory duplication and facilitate the process of supervision and examination with the least regulatory burden to our licensed entities.
- Maintain DEX, which is used by regulated entities and examination staff to improve the transmission 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.

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- 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 where appropriate 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 continual 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 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.
  - Seek feedback from regulated entities through the annual *Rate the Department Survey*.
  - 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;
    - Enforcement actions and orders;
    - 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 FC.

### Other Considerations

#### Overview

The COVID-19 pandemic initially created a significant amount of economic uncertainty for MSBs, PFCs, and PCCs. MSBs offering currency exchange (CEX) experienced significant challenges as in-person transactions were limited by sheltering directives and international travel between the U.S. and Mexico was restricted. Such restrictions have since been curtailed and more in-person transactions are being reported by CEX licensees. The impact on money transmitters (MT) was manageable as reliance on face-to-face transactions has historically been limited. Conversely, the inability to facilitate in-person prepaid funeral and burial planning caused many establishments to engage in providing alternative services, such as a livestream event option. 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 stay abreast of industry changes and challenges, especially with more complex MSBs, that could occur over the next five years and prepare for a possible strain on the agency's staffing and operations.

In addition, Department staff must remain knowledgeable of regulatory changes, emerging trends, and economic conditions at both the state and national level to effectively regulate and supervise licensees. The agency must 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 non-depository industries. Collaborating 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 is considered a leader in MSB regulation/examinations, often providing guidance on related emerging issues in the industry.

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

Regulated Entities	Number of Entities As of December 31, 2021	Total Assets (\$ millions)
Money Services Businesses*	198	219,372
Prepaid Funeral Contract Sellers	346	4,532
Perpetual Care Cemeteries	243	413

\*MT and CEX licensees

#### Effective Examinations

Examinations of MSB, PFC, and PCC entities were initially conducted off-site due to the pandemic. However, a hybrid approach has been adopted with examinations both off-site and on-site. MSB, PFC, and PCC entities receive an on-site or off-site examination, or a combination thereof, based on COVID-19 variant cases in the community and the entity's overall risk profile. As mentioned previously, the Department will continue to evaluate health and safety protocols and expects more on-site examinations will be performed beginning in mid-to-late 2022 as these protocols are lifted.

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 extended the examination cycle for MSB license holders in September 2020 to better align with those of other state regulators participating in the networked supervision of multi-state MSBs. Extending the examination frequency for

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MT license holders improved examination collaboration and efficiencies and reduced regulatory burden on license holders without impacting our ability to effectively ensure compliance with applicable regulations. It also allows the Department to allocate additional resources to examinations of more complex, higher risk, and recently licensed MSBs. CEX license holders do not have an extended examination cycle since they are not part of the nationwide networked supervision approach as the Department is their primary regulator.

Select MSB IT examinations are also planned and coordinated with the Bank and Trust Supervision Division's IT examination staff. However, more experienced IT examiners are needed to assist with these examinations, which places additional stress on agency resources. CSBS, in conjunction with a working group that includes Department personnel, developed new IT procedures for all non-depository financial service providers. The goal is to provide a unified standard when examining MSB companies and focusing on the MT business lines. Procedures are in the testing phase and should be finalized and released by CSBS by year-end 2022. Department examiners have been utilizing these procedures when conducting IT examinations, with the expectation that the procedures will be adopted once evaluated for effectiveness and released by CSBS.

### **Staffing Resources**

Examinations and monitoring of licensees are conducted by Non-Depository Supervision Division (NDS) staff, which represents 11.9% of the Department's employees as of March 31, 2022. The number and complexity of MSB licensees continues to significantly increase, while the number of PFC licensees continues to decline, and the number of PCC licensees remains stable. These trends are expected to continue over the next five years. Division staff must be knowledgeable of regulatory changes and emerging trends as MSB licensees expand into more innovative products and services. Based on current resources in NDS, staffing changes due to retirements or resignations could affect productivity and examination priorities if there is a significant loss of expertise and knowledge.

### **Examination Workforce Challenges**

Division staff must stay informed of current and emerging issues and adapt quickly to adequately supervise non-depository 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. Employee retention is critical as financial examiner turnover is costly for the Department.

As discussed in the Bank and Trust Regulation section, the Department recognizes potential challenges with return-to-work outlooks from NDS employees as well. The continued development of a hybrid examination model will be pursued for NDS also.

### ***MSB***

The Department must 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 digital assets, blockchain technology, and multi-layer structure of parties involved, is vital to ensure the public safety and confidence in the various payment systems. Training is essential to develop and enhance examiners' skillset in this digital arena. However, there could be some difficulty finding relevant training for some digital assets due to their evolving nature and uncertainties in the regulatory framework. In addition, the Department will continue to be challenged to identify fraudulent activities and unlicensed entities doing business with Texans, particularly internet-based companies. Given the continuous growth and sophistication in MSB licensees, the number of knowledgeable, experienced staff required to complete examinations and meet performance goals will increase for the foreseeable future. Staffing changes due to retirements and newly hired examiners will place strain on agency resources limiting the ability to meet examination priorities and training needs for at least the next five years. Training cost for NDS examiners will also increase over this period as the agency onboards less tenured employees.

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### *PFC and PCC*

The Department increased efficiencies by cross training examination staff and conducting off-site reviews and examinations. 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, aside from fraud detection and financial statement analysis. The agency continues to strive to fill vacancies for PFC and PCC examiners to maintain its examination posture. If staffing changes occur within the PFC and PCC examiners in the next five years, such as additional retirements or resignations, productivity and examination priorities will be affected.

### **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 services, such as digital assets and blockchain technology, 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 products and 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. The complexity of agreements and business plans will require the Department to stay abreast of technological advances within the industry.

State regulators have varying examination frequency cycles which results in most multistate MSBs being examined annually by either joint or individual states. Each state also has its own licensing requirements as well as examination procedures making it challenging for MTs to operate in multiple states. There is a significant need to reduce regulatory burden on MTs while creating efficiencies for state regulatory agencies examining these entities.

CSBS, in conjunction with a working group that included Department personnel, developed and released the Model Law in August 2021, which was designed to replace existing state money transmission laws and create a single set of nationwide standards and requirements for MTs. The Model Law was devised to standardize definitions, exemptions, the licensing/application process, legal framework, and safety and soundness requirements to modernize the state financial regulatory system. If adopted by most states' legislative bodies, it will ensure the standardization of all areas of regulation, licensing, and supervision and eliminate unnecessary regulatory burden for MTs and more effectively utilize regulator resources. Each state will be responsible for adopting and incorporating the Model Law into their own statutory framework, and the Department anticipates this proposed legislation will be filed in the upcoming 88<sup>th</sup> Texas Legislative Session in 2023. The Department will work with the legislature on evaluating and considering the adoption of the Model Law and monitor the session for any activity related to this area.

As advanced technology is adopted, MSBs must have established policies and procedures that help prevent criminals from hacking computer information systems, infrastructures, and/or computer networks containing valuable customer information. As noted previously in the Bank and Trust Regulation section, the Department also requires regulated MSBs to report cybersecurity incidents to the Banking Commissioner promptly if they experience a material incident. The Department continues to maintain a cybersecurity tracking system to monitor incidents reported by MSBs. Cybersecurity threat detection and prevention will remain prevalent for this industry and the agency 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 IT & Cybersecurity Training hosted by the Department in January 2022.

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

The death care industry, which includes PFCs and PCCs, operates in a well-established regulatory environment. While the number of permit holders administering trust-funded prepaid funeral benefits continues to decline due to consolidations and conversions to insurance-funded PFCs, the amount of funds administered by Department licensed

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PFCs is increasing. This trend is expected to continue. However, labor shortages are also increasing for licensees and pose a challenge to the industry.

In the PFC industry, cremations continue to surpass traditional burial rates, which was a trend that emerged prior to the pandemic, 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, and changes in traditional religious attitudes and 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 offering all-inclusive, direct cremation packages or by providing specialized products and innovative services to help offset 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 historic long-term, low-interest rate environment negatively impacted trust earnings available to PCCs. The income generated from amounts held in trust is earmarked for the general maintenance and care of the cemetery. As a result, most cemeteries' trust earnings have been insufficient to provide complete and adequate maintenance. Therefore, PCCs have augmented this income with day-to-day operating cash. However, with the recent and anticipated increase in market rates in 2022 and possibly beyond, trust earnings could improve and place less reliance on utilizing operating cash to fund maintenance cost. PCCs with small trust funds may temporarily place their funds in segregated interest-bearing accounts, providing some relief to cemeteries with insufficient income from their trust funds to pay their trustee fees.

### Unlicensed and Fraudulent Activity

The Department continues to monitor for unlicensed money transmission services. With the rise in popularity of digital assets, an increase in unlicensed money transmission activity is anticipated as some business operators exchanging sovereign currency for digital currency may be considered money transmitters and if so, must be licensed. This can be a challenge to identify as the business models in this space are diverse and change continually. When unauthorized activity is identified, the agency issues appropriate administrative penalties and requires the entity to obtain a permanent license or cease conducting unlicensed activities in Texas. The anticipated increase in unlicensed activity could require additional resources from the Legal and NDS Divisions.

The Department also continues to monitor 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. The agency 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.

### 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,

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applicants, and the various federal and state agencies that we partner with to process applications.

- Reduce dependencies on obsolete 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 Multistate Licensing System & Registry (NMLS) for receiving and processing 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 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.

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- 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, foreign bank organizations, 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.

### Applications and Filings

The effects of COVID-19 have not materially impacted the volume of applications and filings received by the Department. Economic activity in Texas is robust as companies continue to relocate to the business friendly, Lone Star State. 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. 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, regulatory requirements, and succession planning challenges.

In addition to mergers and consolidations, there have been 13 conversions of national banks or state savings banks to the Texas commercial bank charter totaling approximately \$54 billion of assets since the beginning of 2018. This trend is expected to continue.

A renewed interest in de novo bank charters has also occurred. Since 2017, there have been three de novo bank charters issued with two additional applications in process for 2022. 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. There have also been five de novo trust company charters issued since 2017, and this application activity is expected to continue. Since 2018, the number of MSB license applications has significantly increased each year and is expected to grow as advances in digital assets for financial services evolves.

The Department has observed an increase in applications focused on business models that integrate traditional banking with services typically provided by MSBs. This includes banking models utilizing digital platforms centered around advanced or blockchain technology. The agency anticipates more bank applications and filings with technologically driven business models, including digital assets, over the next five years. As noted previously in the Bank and Trust Regulation section, President Biden issued an Executive Order on Ensuring the Responsible Development of Digital Assets. The development and implementation of potential regulations or guidance will impact the application process for financial service providers offering or interested in digital assets. The Department will

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continue to monitor the ramifications associated with this executive order and adjust processes as needed to ensure the safety and soundness of licensed and chartered entities.

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, 2021, two check verification entities were registered with the agency. Corporate filings from these entities are nominal.

### Technology

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 registered entities utilize the CAFE platform. All entities, except MSBs, can utilize the payment feature in CAFE for submitting application filing fees.

As part of the modernization efforts in the MSB licensing process, the Department anticipates utilizing the Key Individual Working Initiative and MSB Multistate Licensing Programs. These two programs, which will be developed and released by CSBS, are designed to streamline background checks and the licensing process, identify key individuals related to an application, and facilitate change of control filings. These programs should create efficiencies in the processes for state regulators as well as NMLS users.

### Corporate Activities Workforce Challenges

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. However, current staffing levels are deficient by approximately 40% which is placing stress on staff to accommodate the workload. As more organizations request a Texas state charter to conduct business, additional corporate analysts will be needed to process applications in a timely and thorough manner and provide knowledgeable and competent recommendations.

Corporate analysts are trained to be knowledgeable in evaluating all types of applications, but additional emphasis on digital assets will be a priority for the foreseeable future. Workforce development is primarily on-the-job training with external sources available for professional growth and development. The cost to effectively train existing and new corporate analysts will increase over the next five 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 a 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).
- Fully migrate to the Centralized Accounting & Payroll/Personnel Systems (CAPPS) in fiscal year 2022.

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- 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 MIS.
- Utilize technology to streamline processes throughout the agency.
- Reduce dependencies on obsolete 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.
- 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 various avenues for filing complaints against regulated entities.
- Publish contract and purchase information, as well as update the Contract Management Guide and Handbook on the agency website after each legislative session.
- 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 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 communication for information sharing 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.

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### **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 as 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.

### **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 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 an annual public hearing on the agency's budget prior to submission of budget to the FC.
- Publish Commissioner's orders resulting from enforcement actions taken by the Department, including removal and/or prohibition orders on the Department's 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 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 that consumer complaint processes are clearly defined and posted on the agency's website.
- Ensure information posted on the website is in an Americans with Disabilities Act compliant and accessible format.

## Other Considerations

### **Overview**

The Department has been a SDSI agency since 2009. As a self-leveling, self-funding agency, the Department develops an annual budget that is subsequently evaluated and reviewed by the FC, an eleven-member governing

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body which oversees three state agencies: the Department, DSML, and OCCC. 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 or 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, and 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 a SDSI agency, the Department operates more efficiently and can: 1) respond effectively and timely to the changing dynamics in our economy and regulated industries, and 2) adjust budgets to implement changes in staffing strategies as they are needed.

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

The Department values the opinions and ideas of all employees, enabling staff with multiple 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, 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 must stay abreast of ever-changing regulatory issues and be prepared to recommend changes during each Legislative session as appropriate. Regulated entities are becoming extremely complex, adopting innovative technology, and business models which are advancing quickly. As such, the Legal Division staff must continue to develop their knowledge of the evolving FinTech industry, including digital assets. 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 MIS Division supports all other areas 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 agency.

The MIS Division is governed by the IT Steering Committee, facilitated by a dedicated Chief Information Officer (CIO) reporting directly to the Deputy Commissioner in accordance with Government Code §2054.075. The CIO manages the MIS staff, technology adoption, implementation and related maintenance, and technology policies and

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procedures. Further, the CIO is responsible for ensuring adoption of new technologies in support of 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 agency's goals and objectives and are designed to modernize its services. Emphasis will be placed on modernizing legacy applications and improving our security posture while ensuring we are achieving a balance between value and cost of services. The Department will utilize the governance process to make sure efforts are focused on its goals, resources are prioritized, and a work plan for MIS is implemented which supports long-term objectives while balancing operations and maintenance responsibilities.

To meet the Department's objectives, 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.

Policies and procedures supporting the successful implementation and adoption of technology will continue to be refined, including governance; project management; change management; data management program; lifecycle management; information security; and the development of a technology roadmap for the Department. Due to supply chain constraints associated with the pandemic, the MIS Division is taking a proactive approach with vendors to avoid critical inventory shortfalls. The Department's Information Security Officer (ISO) provides support for these objectives through compliance validation, testing, and remediation, and drafting of recommended procedures to support policy and reporting. The ISO's focus is on risk mitigation through policy and procedure compliance, gap and deficiency identification, technology implementation validation, and reporting for technology compliance.

### **Financial Education**

The results of the 2019 FDIC Survey of Household Use of Banking and Financial Services 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, non-bank financial services in the past 24 months. According to the survey, Texas has one of the highest percentages of unbanked or underbanked households in the nation.

The Department continues to collaborate with the OCCC to promote financial education initiatives through quarterly webinars, some of which are directed toward unbanked communities. In addition, the agency works with the FDIC to promote their financial education initiatives to the public. Collaboration with state and federal agencies will continue for the foreseeable future.

### **Consumer Assistance**

A consumer assistance supervisor was hired in September 2021 to oversee and manage the daily operations of the consumer assistance area. The staff in this area investigates consumer complaints related to regulated bank and trust companies. As larger, more complex organizations choose a Texas state-charter, additional consumer assistance specialists could be needed to provide professional and timely resolutions to consumer complaints and inquiries. In addition, increased training needs covering the use of digital assets will be necessary over the next five years.

Staff in the NDS division investigates consumer complaints related to regulated MSBs, PFCs, and PCCs. Training needs covering the use of digital assets will also be needed for the next five years.

### **Administrative Services**

The Administrative Services Division is responsible for the Department's fiscal function which includes budgeting and accounting; the procurement function which includes purchasing, contracting, and Headquarters building

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management; and the risk management function. This also includes the collaboration with the other two FC agencies to provide facilities support and space management and coordinating the receipt and distribution of mail for all three agencies. Over the next five years, the Department will continue to collaborate 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 SORM by updating and testing the COOP. As required, the Department submits COOP updates to SORM by January of every odd fiscal year and COOP exercises by January of every even fiscal year. The agency will continue to comply with these requirements as well as review and improve our continuity of operations plan and related exercises. The Department continues to revise its Pandemic Plan based on COVID-19 effects and adjust practices and policies as needed.

### **CAPPS**

As part of Enterprise Resource Planning for the state, the Department is implementing CAPPS, a single, web-based source of financial and HR/Payroll information for state agencies. The Administrative Services Division deployed CAPPS Financials on September 1, 2021, with the assistance of the MIS Division. CAPPS HR/Payroll will be implemented in July 2022 by the Human Resources and Administrative Services Divisions. The Department will face the following challenges over the next five years:

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

The full implementation of CAPPS will place stress on current resources, and the Department must assess the staffing needs of these divisions to properly administer the program.

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

Management succession planning will continue to be a significant priority over the next five years, as approximately 35% of the agency's staff, or 60 employees, will be eligible to retire, including nine who are return-to-work retirees. Well over half of this group, 41 employees, are eligible to retire in 2023. The anticipated loss of knowledge and expertise from so many potential retirees is a primary concern for the Department. As a state agency with less than 175 employees currently, we rely heavily on these individuals to oversee the agency's regulatory and operational activities. The trend of regulating larger, more complex organizations is expected to continue, which will require more tenured and experienced examiners to successfully fulfill our mission. The Department will be challenged to manage the impact of these prospective retirements within our agency.

In addition to the number of potential vacancies due to retirement, the Department also has a total of 32 vacant positions as of March 31, 2022, the majority of which are financial examiner positions as mentioned previously. The Department recently implemented an expanded recruiting strategy to help fill the number of current and expected vacancies. A dedicated Human Resources Staffing Specialist was hired who has focused on augmenting recruiting efforts. These efforts include engaging in active recruiting through LinkedIn and other online or application-based platforms, increasing attendance at university career fairs, creating employment marketing materials, enhancing the "Jobs" page on the Department's website, and reducing the timeline from job postings to employment offer. Staff recruiting efforts will remain a focus for the next five years as the Department will face challenges competing for talent in the financial services industry.

## Agency Goals and Action Plans

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Since the prior Strategic Plan, the executive management structure changed. The Chief Operating Officer was named Deputy Commissioner and a second Deputy Commissioner retired. Further, one Division Director position was vacated in July 2021 and remains unfilled as of May 2022.

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 in-person or remote 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; and
- Implementing a competency-based evaluation system to align performance management across the agency and increase communication of performance expectations.

Retaining employees and encouraging them to make employment with the agency a career is also critical to the Department's success. As indicated previously, as the Department responded to the pandemic, examinations were conducted remotely allowing personnel to work from home reducing travel and commuting time. Recently, some personnel that have resigned cited the ability to entirely work from home as the primary factor in accepting new employment. This appears to be a phenomenon experienced by many industries including the financial services industry which the Department competes with for talent.

As the Department returns from operating in a pandemic environment and further develops its hybrid examination model, increased sensitivity to employee work-life balance will be necessary. In addition, the Department will need to find more ways to use automation to make processes more efficient and strive for salaries that are comparable to FDIC counterparts. Strategies already established 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 to assist with recruitment;
- Tuition reimbursement program;
- Travel stipend for extensive overnight travel;
- Temporary work assignments that provide relief from frequent overnight travel;
- Flexible work schedules that promote work/life balance; 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 comparable salary levels with the FDIC. While this flexibility yields the Department the ability to typically retain quality staff, it is incumbent upon management to continue to attract new employees to train and develop to ensure the Department's mission. To evaluate salaries across the agency, the Department developed a comprehensive compensation strategy for all staff in 2021. The study encompassed market salary data analysis, compensation system design, internal and external alignment solutions, identification of career paths, and an effective total

## Agency Goals and Action Plans

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compensation program and communication plan to provide transparency for employees. Since then, private sector salaries have risen due to labor shortages and an increase is expected for our federal counterparts. The Department must continue to evaluate and adjust its compensation program to hire and retain qualified employees throughout the agency where appropriate.

### **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 OCCC, the other FC agencies. During the 85<sup>th</sup> Legislature, Regular Session 2017, the Texas Legislature enacted Senate Bill 1349 allowing the Texas Department of Transportation (TxDOT) to sell certain excess land to the FC agencies. The agencies have been in communications with Texas Department of Motor Vehicles and TxDOT regarding the parcel on the Camp Hubbard campus. The site is anticipated to be available in late 2023 or early 2024.

The FC agencies and TxDOT are collaborating to implement an agreement for the Camp Hubbard parcel. 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. The agencies updated the preliminary space needs and contacted the Texas Facilities Commission for an analysis and evaluation of the proposed project.

Cash reserves have been set aside to cover future expenses related to the purchase or construction of a new building and relocation. As required by SB 646 passed during the 86<sup>th</sup> Legislature, Regular Session 2019, the agencies made a formal request to the Office of the Governor, to increase the reserves for long-term planning, consistent with the December 2021 action of the FC.

### **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 86<sup>th</sup> Legislature extended the existence of the agency through September 1, 2031, under the continued oversight of the FC.

## 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 did not identify any potential redundancies and impediments.

REDUNDANCIES AND IMPEDIMENTS	
SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)	None noted.
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	None noted.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	None noted.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	None noted.

# 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

---

**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 2027:

- 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.
- 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

---

**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**

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**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 2027:

- 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.
- MSB Accreditation status by the CSBS is maintained;
- 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.
- Certificate of MSB accreditation by the CSBS maintained in good standing.

### 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. Maintain national accreditation with the CSBS. 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 PFCs 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

---

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:** Ensure that the corporate filings requesting to initiate, expand, or modify financial services receive a timely and thorough review resulting in knowledgeable and competent recommendations while also assessing the applicants' abilities to provide convenient, safe, sound, and competitive financial services to the public.

### 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, MSBs, and CVEs.

# SCHEDULE A

## Budget Structure

---

### 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.

### 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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<b>GOAL: EFFECTIVE BANK AND TRUST REGULATION</b>
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**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 divided by the number of examinations due during the reporting period as determined by Administrative Memorandum 2041. The base date used to calculate the examination due date is the earliest of 60 calendar days from the start date of the examination or the mail date for the report of examination. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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 divided by the number of examinations due during the reporting period as determined by Administrative Memorandum 2041. The base date used to calculate the examination due date is the date located on the report of examination cover letter. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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**

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**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 divided by the number of examinations due during the reporting period as determined by Administrative Memorandum 2041. The base date used to calculate the examination due date is the earliest of 60 calendar days from the start date of the examination or the mail date for the report of examination. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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**

---

**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.

On the other hand, the number of examinations could increase in the event of significant influx of new charter or conversion activity.

**New Measure**

No

**Calculation Method**

Cumulative

**Target Attainment**

Higher than target

## **SCHEDULE B**

### **Performance Measure Definitions**

---

**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, foreign bank 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 charter or conversion activity.

**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**

The total direct bank and trust regional office expenses at end of the reporting period are divided by the number of bank examinations performed.

**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

---

**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 examiner days.

**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**

The total assets for banks examined by the Department over the reporting period divided by examiner days. Examiner days is obtained by counting total examiners at the end of the reporting period and multiplying by the number of days in the fiscal year.

**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**

---

#### **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 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

---

#### 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 number of Texas state-chartered banks is maintained in the agency's database.

**Methodology**

The total number of banks in the agency's database as of the last day of the appropriate fiscal quarter.

**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 consolidation from 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**

Bank financial information is uploaded quarterly into the agency's database.

**Methodology**

The total assets of all Texas state-chartered banks as of the end of the reporting 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 consolidation from merger and acquisition activity.

**New Measure**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Higher than target

## SCHEDULE B

### Performance Measure Definitions

---

<b>GOAL: EFFECTIVE REGULATION OF NON-DEPOSITORY SUPERVISION LICENSEES</b>
---

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

**Definition**

The number of MSB license holders with examinations started by the Department of Banking, including accepting the report of examination of another state agency or federal government, or the report prepared by an independent accounting firm (described in Supervisory Memorandum 1024 and statute), over the 24-month period preceding the cut-off prior to the reporting date, divided by the number of MSB license holders required to be examined as of the cut-off date per the examination frequency cycle (describe in Supervisory Memorandum 1023). An examination is the process by on-site or off-site review, including accepting the report of examination 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**

The Department is under a statutory mandate, as further detailed in Supervisory Memorandum 1023, regarding examination frequency. This measure indicates how well the agency is meeting its mandate.

**Data Source**

Examination data is maintained by 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) MSB examinations started during the 24-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 24-month period preceding the cut-off prior to the reporting date (Report 1 above), including accepting the report of examination of another state agency, by the number of MSB license holders required to be statutorily examined as of the cut-off date (Report 2 above). The base date used to calculate the examination due date is generally the earliest of 60 calendar days from the start date of the examination or the mail date for the report of examination. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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

---

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

**Definition**

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, 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**

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

**Data Source**

Examination data is maintained by 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 PFC license holders required to be statutorily examined as of the cut-off period (Report 2 above). The base date used to calculate the examination due date is generally the earliest of 60 calendar days from the start date of the examination or the mail date for the report of examination. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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**

---

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

**Definition**

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 examined as of the cut-off date per the examination frequency policy (described in Supervisory Memorandum 1031). 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**

The Department is under a statutory mandate, as further detailed in Supervisory Memorandum 1031, regarding examination frequency. This measure indicates how well the agency is meeting its mandate.

**Data Source**

Examination data is maintained by 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 PCC license holders required to be statutorily examined as of the cut-off period (Report 2 above). The base date used to calculate the examination due date is generally the earliest of 60 calendar days from the start date of the examination or the mail date for the report of examination. The base date plus the examination frequency cycle are used to determine the next examination due date.

**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**

---

**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.

**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

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**Outcome Measure:**     **01-02.05 Certificate of MSB Accreditation by the 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 MSB state regulators. The Department maintains its accreditation to promote consistency in the supervision of MSBs and maintain credibility among state and federal regulators.

**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**

Yes

**Calculation Method**

Noncumulative

**Target Attainment**

To remain accredited

## **SCHEDULE B**

### **Performance Measure Definitions**

---

**Output Measure:**      **01-02.06 Number of Non-Depository Supervision Licensees Examined**

**Definition**

The aggregate number of MSB, PFC and PCC examinations started by the Department of Banking, including accepting the report of examination of another state agency or federal government, or the report prepared by 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**

The Division of Non-Depository Supervision staff enter examination 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 for each regulated area 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:**    **01-02.07 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. 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:**    **01-02.08 Average Direct Cost per 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 report of examination 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. 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: 01-02.09 Dollar Amount of PFCs in Force (in Billions)**

##### **Definition**

The total dollars (aggregate) in PFCs 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 PFCs 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 PFCs 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 and amount of PFCs 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 PFCs 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: 01-02.10 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: 01-02.11 Percentage of Non-Depository Supervision Licensees Classified Safe and Sound**

**Definition**

The total number of MSB, PFC and PCC licensees examined 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, including accepting the report of examination of another state agency. 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

---

#### GOAL: EFFECTIVE REGULATION THROUGH CORPORATE ACTIVITIES

**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 three categories: approved/no objection, denied, 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 of the number of submissions 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

---

<b>GOAL: EFFECTIVE AND EFFICIENT OPERATIONS COMPLIANT WITH STATE LAWS</b>
---

**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 Centralized Accounting and Payroll/Personnel System (CAPPS).

**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**

No

**Calculation Method**

Noncumulative

**Target Attainment**

Meet Target

## 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 2021	Agency FY 2020	Agency FY 2019	Agency FY 2018
Professional Services Contracts	23.7%	89.05%	100%	100%	100%
Commodities Contracts	21.1%	81.68%	63.37%	22.77%	76.23%

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

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# WORKFORCE PLAN

Fiscal Years 2023 to 2027



Texas Department of Banking  
June 2022

Texas Department of Banking  
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# SCHEDULE F

## WORKFORCE PLAN 2023-2027

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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 202 full-time equivalent (FTE) employees and as of March 31, 2022, it employed 170 individuals, the majority of whom are financial examiners. The Bank and Trust Supervision Division is staffed with 89 field examiners and the Non-Depository Supervision Division is staffed with 16 field examiners. As of March 31, 2022, there are 22 vacant field 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) 2020 was 9.92%, 7.20% in FY 2021, and 7.50% for FY 2022 as of March 31, 2022.

The Department has worked diligently to reduce turnover and must continue the same efforts to sustain a qualified workforce. Changes in the labor market following the COVID-19 pandemic along with the resignation trends of the past two years heightened the importance of monitoring turnover and employee satisfaction. As the Department returns from operating in a pandemic environment and further develops its hybrid model, increased sensitivity to employee work-life balance will be necessary.

Past banking crises highlighted the need to retain a sufficient number of well-trained and tenured staff to provide appropriate regulatory supervision during adverse events such as an economic downturn. The Department must be prepared for these contingencies rather than become complacent during times of prosperity. The agency strives for examiner salaries that are comparable to the Federal Deposit Insurance Corporation (FDIC) counterparts. With SDSI status, the agency can adjust salaries as needed to remain competitive.

Offering competitive employment incentives and career opportunities remains a priority. Flexible work weeks and work-at-home options are becoming a requested benefit from staff and applicants for employment. The Department is working with a hybrid model currently that includes work at home opportunities. Though the travel burden cannot be fully eliminated, the Department continues to search for avenues to reduce the amount of overnight travel and related staff turnover. With that goal, the Department has implemented several technological improvements in the agency's infrastructure over time, such as increased network bandwidth, information sharing through the secure data exchange portal (DEX), and the use of Microsoft Teams to enhance the Department's information exchange capabilities and aid in conducting work remotely. In addition, leveraging technology such as the enhanced imaging methods used by regulated entities have allowed examination staff to access required documents for off-site review, contributing to a reduction in travel. The Pre-Examination Program (PREP) is another tool utilized to allow examiners to perform certain procedures prior to traveling on-site to the regulated entity. Finally, 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.

# Workforce Plan 2023-2027

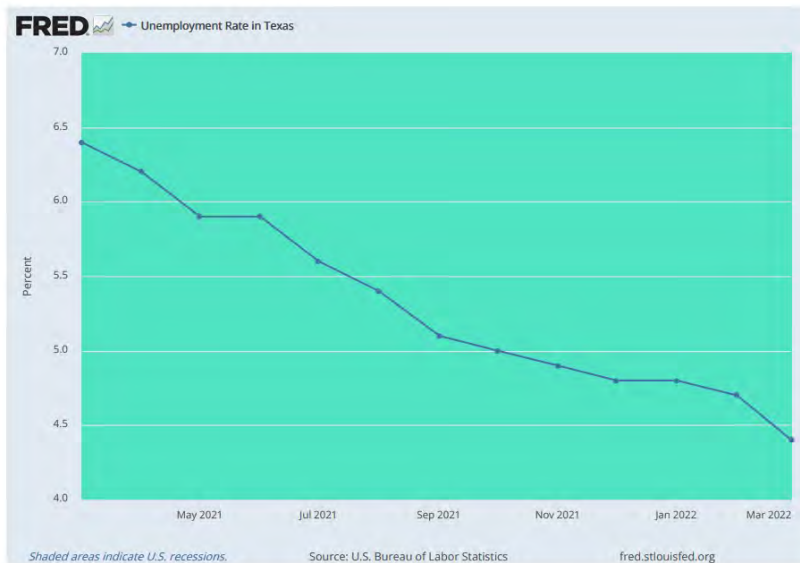
Prior to the pandemic, examination personnel spent a significant amount of their time away from home to conduct on-site examinations. The pandemic required modifications to how examinations were performed historically. The Department effectively leveraged advancements in technology to implement a hybrid examination model that uses a combination of on-site and off-site examination activities. This examination model allows for certain work to be performed off-site while also providing for critical in-person communication and examination work more effectively conducted on-site. The Department is also working on an examination modernization project which focuses on improving examination procedures and scoping processes to better tailor examinations to each institution while utilizing resources and technology more effectively. This revised approach to examination planning in conjunction with the evaluation of a hybrid examination model, is anticipated to provide an examination process that allows for an appropriate mix of on-site and off-site examination work without jeopardizing the effectiveness of the examination while also reducing the overnight travel burden.

The Department 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 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: a declining unemployment rate in Texas, the lingering effects of the Coronavirus Disease 2019 (COVID-19) pandemic; turnover and retention of financial examiners and leadership positions; 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 March 2022 was 4.4%, which decreased 2.0 percentage points from a year earlier. According to a Texas Workforce Commission press release in April 2022, Texas added a total of 731,600 jobs since March 2021. "The prosperous economic climate in Texas expands opportunities for all who call Texas home"<sup>1</sup>.



<sup>1</sup> Texas Workforce Commission Press Release, April 2022

## Workforce Plan 2023-2027

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 2021, 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	66%	31%	3%
Nationwide Polling Results	30%	50%	20%

In addition to employee retention efforts, recruiting strategies have shifted. 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> To improve agency recruiting, the Department increased its online and app-based presence on 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 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*
17.0%	8.2%	9.1%	12.5%	11.1%	9.2%	11.3%	10.6%	9.9%	7.2%	7.5%

\*As of March 31, 2022

In FY 2020, twelve financial examiners separated from employment with the Department. Financial examiner turnover included one involuntary separation, three retirements, one employee transferred to another state agency, one employee who left to work for a bank, and six that left to work in private industry.

In FY 2021, nine financial examiners separated from employment with the Department. Financial examiner turnover included two retirements, two transfers to a federal agency, one who left to work for a bank, three voluntary separations for personal or unknown reasons, and one who went to work for private industry.

<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 2023-2027

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In FY 2022, through March 31, 2022, ten financial examiners separated from employment with the Department. Financial examiner turnover includes three retirements, one transfer to another state agency, four who went to work for private industry, and two voluntary separations for personal or unknown reasons.

## **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.

For bank and trust examiners, 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). Non-Depository Supervision examiners enjoy a similar career ladder with promotional opportunities after demonstrating certain competencies in each job classification level. 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, career ladder, promotion through the Financial Examiner VI classification for Bank and Trust Examiners
- 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;
- Work-at-home opportunities;
- One-time or permanent merit-based pay increases; and
- 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 and skill assessments allow the Department to better identify the most qualified and potentially successful candidates.

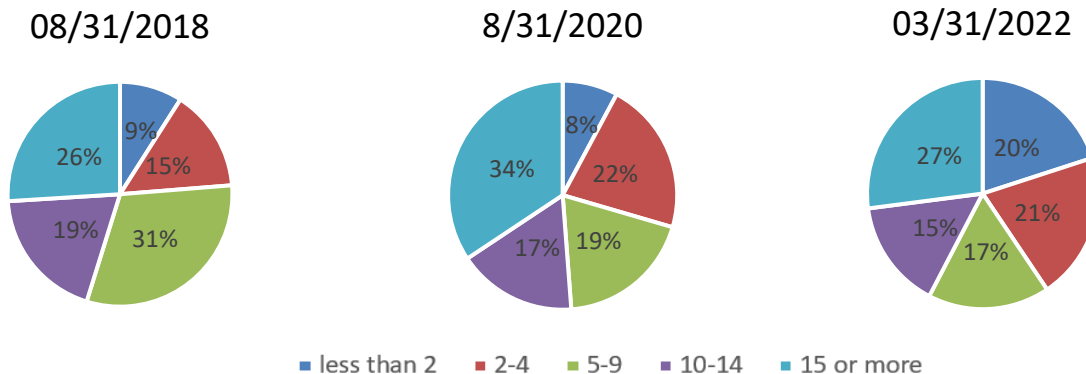
The Department must continue to curb turnover at the lower and mid-career Bank and Trust financial examiner levels. These examiners must be cultivated, trained, and retained to replace departing and retiring employees. Internal policy prescribes that an assistant examiner has seven years to complete 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, there is 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. Pay was the lowest scoring construct (334). 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 412, indicating that overall, employee engagement is high.

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In an effort to address employee concerns about compensation, the Department conducted a market salary study in 2020 and developed a comprehensive compensation strategy and administration guidelines. Since that study, the labor market has been in flux. Salaries in the private sector have increased due to labor shortages, giving potential employees greater negotiating posture. Furthermore, the ability to work from home is a new labor force dynamic affecting turnover and recruiting.

### 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 more balanced workforce tenure distribution that has allowed for the transfer of institutional knowledge on a more equally allocated scale. Although considerable progress has been made to achieve the desired short-term goal, the agency needs to continue to work on meeting the long-term goal.

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

Within the next five years, 35% of the Department's workforce will be eligible to retire. Of this group, 58% are eligible to retire today. The loss of these employees combined represents over 1,000 years of experience.

Demographic experts estimate that by 2030 the percentage of people over the age of 65 will be 18% of the population. The aging workforce and issues related to succession planning are crucial as baby boomers continue to retire and Generation X begins retirement eligibility. In response, the Department hires agency 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.

As noted previously, 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 2023-2027

Succession planning remains a priority as retirement and other turnover factors continue to grow. In the next five years, 80% of senior management is eligible to retire, with 47% eligible to retire today. 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. In recent years, the Department sponsored a formal internal Leadership Program for Directors and selected financial examiners in leadership roles. Pertinent to the success of this transition is retaining mid-level tenured staff to replace high-level employees who move into these leadership roles.

Following the COVID-19 pandemic, many eligible employees retired, and the rate is on trend to increase for fiscal year 2022.

Year	2018	2019	2020	2021	2022**
Retirement Rate*	26%	32%	16%	29%	33%

\*Percentage of retirements from the total turnover for the fiscal year.

\*\*As of March 31, 2022

### 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.

Texas gained the most residents of any state since 2010, and its Hispanic population is now nearly as large as the non-Hispanic white population, with just half a percentage point separating them. Texas has gained nearly 11 Hispanic residents for every additional white resident since 2010. Texans of color accounted for 95% of the state's population growth.<sup>4</sup>

#### Hispanic Texans are almost the state's largest demographic group

The 2020 census shows there are nearly 2 million more Texans who identify as Hispanic than in 2010.

Group	2010 population	2020 population	2020 percent	Increase
White	11,397,345	11,584,597	39.75%	187,252
Hispanic	9,460,921	11,441,717	39.26%	1,980,796
Black	2,886,825	3,444,712	11.82%	557,887
Asian	948,426	1,561,518	5.36%	613,092

Note: The white, Asian and Black categories include individuals who indicated they were not Hispanic and selected only one race on the 2020 census. The Hispanic category includes individuals of any race.

Source: U.S. Census Bureau

Credit: Jason Kao

A presentation by the Texas Demographic Center in April 2022 shows that Texas experienced significant growth in the last ten years and continues its diversification racially and ethnically. The 2020

<sup>4</sup> People of Color Make Up 95% of Texas' Population Growth, And Cities and Suburbs are Booming, 2020 Census Shows, Texas Tribune, August 12, 2021.

Census information for the Lone Star State shows the non-Hispanic Whites population continues to decline while the Hispanic population is steadily increasing their share of the state population. All other race / ethnicity groups are experiencing stable shares of the state population.

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 consumers. Recruiting activities include representation at job fairs at many diverse universities in the state and distribution of job announcements to minority and veteran 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 five-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 2022 second quarter Veterans Workforce Summary reflects veterans represent 6.7% of the Department's workforce. In FY 2022, interviews were granted to 84.6% of qualified veterans that applied for open positions.

## **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 supervision of our chartered and licensed entities. 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 2023-2027

AGENCY GOAL AND ACTION PLAN
<b>Goal: Effective Bank and Trust Regulation</b>
<p>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.</p>
<b>Actions Required to Achieve Goal</b>
<ul style="list-style-type: none"><li>• Conduct commercial bank, trust company, and foreign bank agency, foreign bank branch, and foreign bank representative office (foreign bank organizations) 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.</li><li>• 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 management information systems (MIS).</li><li>• Research and report on changing industry, statutory, and economic conditions, (e.g., with the effects from Coronavirus Disease 2019 (COVID-19), escalating geopolitical risks and inflationary pressures), and develop appropriate supervisory strategies to adapt to these changes.</li><li>• React timely and appropriately when needed to implement disaster preparedness plans and adjust to changing situations as applicable to continue providing effective oversight of regulated entities.</li><li>• Monitor industry status and engage in regular communication with federal regulators (FDIC and FRB) and the Conference of State Bank Supervisors (CSBS).</li><li>• Obtain feedback from regulated entities regarding proposed rule changes.</li><li>• Promote cybersecurity awareness and best practices among our regulated entities and employees.</li><li>• Maintain a cybersecurity tracking system and monitor remediation efforts associated with cybersecurity incidents reported by our regulated entities.</li><li>• 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), which will be fully phased out by June 30, 2023.</li><li>• Identify and investigate fraudulent activities and insider abuse.</li><li>• 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.</li><li>• Maintain sufficient regulatory resources in the event of industry deterioration or systemic industry problems, the reallocation of federal regulatory resources away from Texas, or a significant increase in the regulated asset base.</li><li>• 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.</li><li>• 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.</li></ul>

## Workforce Plan 2023-2027

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- Improve agency's technologies through the adoption of cloud offerings, where appropriate, and by ensuring current technologies are in use to support regulatory obligations and operations.
- Enhance the Department's examination procedures and scoping processes to effectively utilize examination resources and technology to accurately evaluate risks and risk management practices of our regulated entities.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Maintain accreditation status by CSBS

## Workforce Plan 2023-2027

AGENCY GOAL AND ACTION PLAN
<b>Goal: Effective Regulation of Non-Depository Licensees</b>
<p>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.</p>
<b>Actions Required to Achieve Goal</b>
<ul style="list-style-type: none"><li>• 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, coordinated, and timely manner. MSB examinations are conducted in cooperation with federal and other state regulatory entities.</li><li>• Maintain contact with, and monitor the condition of, regulated entities between examinations.</li><li>• Monitor fluctuations in economic conditions, especially effects from COVID-19, geopolitical risks, and inflationary pressures that will impact non-depository financial service providers.</li><li>• Promote cybersecurity awareness and best practices among our employees, and regulated entities.</li><li>• Maintain a cybersecurity tracking system for cybersecurity incidents reported by MSBs.</li><li>• Actively participate in the Multi-State MSB Examination Task Force (MMET) and the Money Transmitter Regulators Association (MTRA), CSBS 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.</li><li>• 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.</li><li>• Collaborate with legislators during the 88th Legislative Session on evaluating and considering the adoption of the Model Money Transmission Modernization Act (Model Law).</li><li>• Optimize efficiencies in the examination process utilizing electronic examination tools and DEX to share information with regulated entities and other state regulators.</li><li>• Reduce dependencies on obsolete technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.</li><li>• Research and report on changing industry, statutory, and economic conditions and develop appropriate supervisory strategies to adapt to these changes.</li><li>• Monitor the industry's status and developments in new consumer trends and engage in regular communication with federal and state regulators.</li><li>• Provide the industry access to regulatory and supervisory information through the agency's website.</li><li>• Obtain feedback from license holders regarding proposed rule changes.</li><li>• Identify and investigate non-licensed entities and fraudulent activities.</li><li>• Ensure proper enforcement actions are issued against unlicensed entities to bring such establishments into compliance with rules and regulations.</li></ul>

## Workforce Plan 2023-2027

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- Ensure correction-oriented enforcement actions are issued 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.
- React appropriately when needed to implement disaster preparedness plans and adjust to changing situations as needed to continue to provide effective oversight of regulated entities.
- Maintain MSB accreditation status by CSBS.

## Workforce Plan 2023-2027

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	
<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• Reduce dependencies on obsolete technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.</li><li>• 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.</li><li>• 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.</li></ul>	

AGENCY GOAL AND ACTION PLAN	
Goal: Effective and Efficient Operations Compliant with State Laws	
<p>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.</p>	
Actions Required to Achieve Goal	
<ul style="list-style-type: none"><li>• Investigate, process, and respond to consumer complaints about Department-supervised entities in a professional, appropriate, and timely manner.</li><li>• Develop a comprehensive annual budget and staffing plan.</li><li>• Adhere to the agency's annual budget.</li><li>• Update and test the Continuity of Operations Plan (COOP) as directed by the State Office of Risk Management (SORM).</li><li>• Fully migrate to the Centralized Accounting &amp; Payroll/Personnel Systems (CAPPS) in fiscal year 2022.</li><li>• Promote information security and cybersecurity awareness within the agency through training and processes designed to protect sensitive data.</li><li>• Position the Department for continual modernization of MIS.</li><li>• Utilize technology to streamline processes throughout the agency.</li><li>• Reduce dependencies on obsolete technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.</li><li>• Engage in regular communication with and reporting to the FC.</li><li>• 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.</li><li>• Prepare and deliver SDSI agency reports to the Governor and Legislature in an accurate and timely manner.</li><li>• Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.</li><li>• Promote financial education.</li></ul>	

## 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, such as digital assets. Therefore, the Department must devote additional resources to evaluate emerging technologies and provide training to enhance the skillsets of staff for any new products and technologies.
- As banks, trust companies, and MSB's 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 and enterprise-wide 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 and regulatory functions. The skills are:

- Financial examination and regulatory experience;
- Specific regulatory expertise in capital markets, model risk management, trust operations, BSA/AML compliance, MSB activities, 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

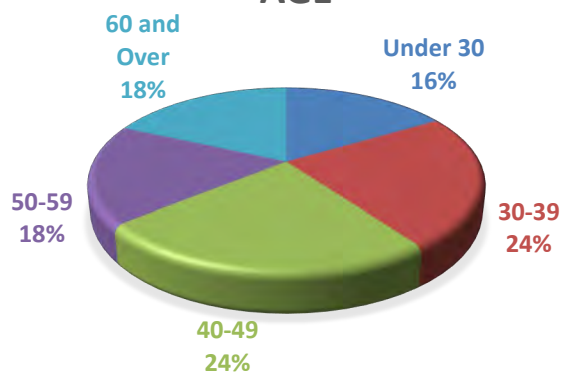
**Workforce Breakdown:** The following chart profiles the Department's workforce (March 31, 2022) of 170 individuals, which includes both full and part-time employees. The workforce is comprised of 62% males and 38% females. Approximately 60% of employees are over the age of 40 and approximately 40% have five years or less of Department service. Approximately 38% of financial examiners have less than five years of Department experience.

## Workforce Breakdown as of March 31, 2022

### GENDER



### AGE



### TENURE



### FINANCIAL EXAMINER TENURE



## Workforce Plan 2023-2027

**Department Workforce by Job Category:** The following table compares African-American, Hispanic, and Female employees as of March 31, 2022, 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 and African-Americans in the Professional 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, 2022						
Job Category Employee Count	African-American		Hispanic		Females	
	Department %	Civilian Workforce	Department %	Civilian Workforce	Department %	Civilian Workforce
Official/Administration 14	0%	8.1%	14.3%	22.4%	28.6%	38.8%
Professional 139	7.9%	10.9%	28.8%	20.3%	37.4%	54.5%
Technical 8	12.5%	14.4%	50.0%	29.2%	0%	55.2%
Admin. Support 9	11.1%	14.3%	11.1%	36.4%	88.9%	71.6%

*Statewide Civilian Workforce Composition, 2016 1-year PUMS file from the American Community Survey (ACS), U.S. 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 9%. Excluding retirements, the turnover rate for FY 2020 is 8.9% and FY 2021 is 9.3%. 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 2021	10.6%	23.3%
FY 2020	13.2%	20.3%
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%

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

## Workforce Plan 2023-2027

### FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE FISCAL YEAR 2021

Years of Service	# of Financial Examiners	% of Financial Examiners	% of Financial Examiner Turnover FY 2021
Less than 2 years	19	15%	0%
2 – 5 years	19	15%	5%
5 – 10 years	30	24%	13%
10 – 15 years	24	19%	9%
15 – 20 years	19	15%	0%
20 years and over	15	12%	15%
<b>TOTAL</b>	<b>126</b>	<b>100%</b>	<b>NA</b>

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

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

Years of Service	% of Financial Examiner Turnover FY 2020	% of Financial Examiner Turnover FY 2021	% of Financial Examiner Turnover FY 2022*
Less Than 2 years	15%	0%	12%
2 – 5 years	12%	5%	10%
5 – 10 years	13%	13%	4%
10 – 15 years	13%	9%	10%
15 – 20 years	0%	0%	10%
20 years and over	0%	15%	0%

\* FY 2022 data as of March 31, 2022

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

### 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, 2021, 54% of financial examiners had tenure of less than 10 years. This group constitutes 18% of the financial examiner turnover for FY 2021. As of March 31, 2022, turnover is occurring at a higher rate than the previous year in the less than 10-year tenure category at 26% of total financial examiner turnover.

## Workforce Plan 2023-2027

### NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE FISCAL YEAR 2021

Years of Service	# of Non-Examiner Employees	% of Non-Examiner Employees	% of Non-Examiner Turnover FY 2021
Less than 2 years	3	5%	73%
2 – 5 years	6	10%	36%
5 – 10 years	7	10%	62%
10 – 15 years	8	14%	26%
15 – 20 years	7	12%	0%
20 years and over	29	49%	17%
<b>TOTAL</b>	<b>59</b>	<b>100%</b>	<b>NA</b>

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

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

Years of Service	% of Non- Examiner Turnover FY 2020	% of Non- Examiner Turnover FY 2021	% of Non- Examiner Turnover FY 2022*
Less than 2 years	52%	73%	0%
2 – 5 years	0%	36%	0%
5 – 10 years	27%	62%	0%
10 – 15 years	13%	26%	11%
15 – 20 years	0%	0%	7%
20 years and over	4%	17%	6%

\* FY 2022 data as of March 31, 2022

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

#### Non-Financial Examiner Turnover

Non-examiner turnover in FY 2021 significantly increased since FY 2020, with five non-examiner retirements. For FY 2022, through March 31, 2022, there has been no turnover for employees with less than ten years of service. The majority of non-examiner staff have more than ten years of service and we continue to see turnover in this group. It is expected that non-examiner turnover will increase with time due to retirement eligibility.

## Workforce Plan 2023-2027

### ALL EMPLOYEE TURNOVER BY LENGTH OF SERVICE FISCAL YEAR 2021

Years of Service	# of All Department Employees	% of All Department Employees	% of State Employees	% of Department Turnover FY 2021	% of State Turnover FY 2021
Less than 2 years	22	12%	21%	9%	52%
2 – 5 years	25	13%	19%	12%	23%
5 – 10 years	37	20%	21%	22%	13%
10 – 15 years	32	17%	14%	13%	11%
15 – 20 years	26	14%	9%	0%	11%
20 years and over	45	24%	16%	16%	18%
TOTAL	187	100%	NA	NA	NA

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

#### All Employee Turnover

Department turnover in FY 2021 is lower than State turnover in all categories except for the 5–10 year and 10–15-year categories. 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 2023-2027

### WORKFORCE BY AGE FISCAL YEAR 2021

Age Groups	# of All Department Employees	% of All Department Employees	% of All State Employees	% of Department Turnover FY 2021	% of State Turnover FY 2021
Less than 30	34	18%	15%	6%	51%
30 – 39	42	23%	24%	17%	22%
40 – 49	42	22%	25%	12%	15%
50 – 59	34	18%	24%	15%	16%
60 and over	35	19%	12%	16%	18%
TOTAL	187	100%	100%	NA	NA

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

**Workforce by Age:** Employees over the age of 40 comprised 59% of the Department's workforce and 61% of the statewide workforce in FY 2021. Employees under the age of 30 comprised 18% of the Department's workforce and 15% of the statewide workforce.

#### D. RETIREMENT ELIGIBILITY

Thirty-five or 20% of employees are eligible to retire in FY 2022. In the next five years, 46% of Headquarters staff and 29% of all field examination staff will be eligible to retire.

Recently, retirement from the Department has accounted for more separations than previously. Seven individuals retired in FY 2021 and in FY 2022, through March 31, 2022, four staff members 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, 2022, the Department has 60 employees, including 32 field examination staff that could potentially retire within the next five years. Furthermore, 58% of this group is eligible to retire today. In the next five years 80% 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 2023-2027

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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 need for personnel familiar with digital assets.
- 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

### FIVE-YEAR VACANCY HISTORY

Vacancies	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*
All Staff	16	16	14	31	32
Financial Examiner	9	10	10	17	23

\*As of March 31, 2022

#### A. RECRUITING EFFORTS

To address the need to fill an increasing number of vacancies contemporaneous with reduced applicant pools, the Department has augmented recruiting efforts that include: hiring a dedicated Human Resources Staffing Specialist; engaging in active recruiting through LinkedIn and other online and application-based recruiting platforms; reducing timeline from posting to employment offer; increasing attendance at career fairs; enhancing “Jobs” page on the Department website; and creating employment marketing materials.

#### B. 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 63% commissioned and 37% non-commissioned. Over the last ten years the number of commissioned examiners has been stable and has fluctuated within that period.
- An increase in assets or large institutions under supervision 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 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.
- Digital asset technology is expected to continue evolving over the next five years could warrant additional staffing as regulated entities expand into this product line.

## Workforce Plan 2023-2027

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

Gap Analysis As of March 31, 2022															
Division	Executive			Professional			Technical			Administrative			Total		
	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap
Executive/ Admin	4	4	0	0	0	0	0	0	0	1	1	0	5	5	0
Legal	0	0	0	7	7	0	0	0	0	3	3	0	10	10	0
Admin Services	0	0	0	5	5	0	0	0	0	1	1	0	6	6	0
Human Resources	0	0	0	4	4	0	0	0	0	0	0	0	4	4	0
IT Division	0	0	0	1	1	0	10	10	0	0	0	0	11	11	0
Division of Strategic Support	0	0	0	4	4	0	0	0	0	4	6	2	8	10	2
Corporate Activities	0	0	0	5	5	0	0	0	0	3	3	0	8	8	0
Bank Supervision	0	0	0	95	95	0	0	0	0	6	6	0	101	101	0
Foreign Bank Supervision	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
Trust Company/ Department Supervision	0	0	0	11	11	0	0	0	0	0	0	0	11	11	0
IT Examinations	0	0	0	15	15	0	0	0	0	0	0	0	15	15	0
PFC/PCC	0	0	0	9	9	0	0	0	0	2	2	0	11	11	0
MSB	0	0	0	10	11	1	0	0	0	1	1	0	11	12	1
Total Department of Banking	4	4	0	167	168	1	10	10	0	21	23	2	202	205	3

## 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>	<p>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.</p>
<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 2023-2027

<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 and to maintain the business operations of the Department.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Continue efforts to maintain examiner salaries comparable to the FDIC salaries.</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> <li>• Develop strategies to attract qualified individuals to professional positions (attorneys, accountants, consumer assistance) in the Department headquarters office.</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>	80% 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>

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# REPORT ON CUSTOMER SERVICE



**Strategic Plan  
Fiscal Years 2023 to 2027**

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**June 2022  
Texas Department of Banking**

Texas Department of Banking  
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# 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 who 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. However, online surveys have proven more efficient over time. To improve the agency and employee experience, employees are also invited to give feedback and suggestions.

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

Inventory of External Customers by Strategy		
Program Areas	Customer	Services Provided
Bank and Trust Supervision	Entities chartered by the state: state-chartered banks, state-chartered trust companies, and foreign bank organizations.	Examinations
Bank and Trust Consumer Assistance	Customers of entities chartered by the state: state-chartered banks, state-chartered trust companies, and foreign bank organizations.	Investigate Complaints and Inquiries
Non-Depository Supervision	Entities licensed by the state: money services businesses, prepaid funeral contract sellers, and perpetual care cemeteries.	Examinations
Non-Depository Consumer Assistance	Customers of entities licensed or registered by the state: money services businesses, prepaid funeral contract sellers, and perpetual care cemeteries.	Investigate Complaints and Inquiries
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.	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 regulation and 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 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 reaccruited 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 they 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 after each examination.

### ***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 investigates consumer complaints filed against state banks, trust companies, and foreign banking organizations. Surveys measure consumer satisfaction with the complaint process.

### ***Non-Depository Supervision (NDS) Examinations***

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

In December 2020, the Department received CSBS' Money Services Businesses Accreditation, demonstrating that the NDS division maintains policies, procedures, operations, and staffing to effectively supervise MSBs, including multi-state supervision. Each licensee receives an examination on a periodic basis. The Department strives to assess financial stability and compliance with laws and supervisory guidance, while incorporating the licensee's objectives of operating a profitable and compliant business. In addition, the division staff must receive adequate training and have access to technological resources

to produce quality examinations. Thorough and efficient examinations provide license holders an independent assessment regarding their compliance with state and federal regulations. To monitor our performance as regulators, the Department surveys the owners and principals of the licensee.

The Department maintains MSB examination efficiencies through cooperation and coordination with other states by developing and updating the Money Transmitter Regulators Association (MTRA) uniform examination procedures and practices, and actively participating in the development and promotion of a standardized networked supervision approach. Participation in the Multi-State MSB Examination Taskforce (MMET) and MTRA licensing and multi-state supervision approach 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 collaboration with the Consumer Financial Protection Bureau and the Financial Crimes Enforcement Network. In August 2021, the CSBS Board approved the Money Transmitter Model Law (Model Law), which is intended to increase harmonization with other states in areas of regulation, licensure, and supervision. Each state will be responsible for adopting and incorporating the Model Law into their own statutory framework, and the Department anticipates this proposed legislation will be filed in the upcoming 88<sup>th</sup> Texas Legislative session in 2023. The Department will work with the legislature on evaluating and considering the adoption of the Model Law and monitor the upcoming legislative session for any activity to this area.

### ***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. 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, as well as attorneys, accountants, and others who assist the applicants. To provide knowledgeable and competent recommendations, staff who process applications must receive adequate training and have adequate access to a variety of technological resources. In addition, the timely processing of applications and information requests ensures statutory requirements are met.

The application process includes an assessment of risk to help 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 various departmental applications (e.g., charters, branch offices, mergers, change-of-control filings, 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 all 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 10, 2022, and February 7, 2022, for regulatory activity that occurred during 2021.

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 2021, 259 regulated entities were given the opportunity to complete the survey. The Department received 101 responses or 39% of the survey population.

***Money Services Businesses Licensees – Surveyed since 1997***

In 2021, survey requests were sent to 170 regulated MSBs. Forty-one responses were received, accounting for 24% of the total number of licensees.

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

In 2021, survey notices were sent to 270 PFCs and PCCs. Fifty-two responses were received, accounting for approximately 19% of the total number of licensees.

***Commissioner's Banking Examination Survey – Banks and Trust***

To improve the examination process 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 survey covers three areas: the examination process, examination report, 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](#).

***Customer Service Survey***

To address the statutorily identified customer service quality elements, an eight-question, internet-based survey was utilized in March 2022 as prescribed by the Legislative Budget Board and Office of the Governor. Invitations were sent to 211 consumers who have interacted with the Department since September 2019. Of those invited to participate, 9.5% responded with 20 surveys returned.

***Survey of Consumer Assistance***

To determine the quality and effectiveness of the Department's consumer assistance services, complainants of state-chartered banks, trust companies, foreign bank organizations, MSBs, PFCs, and PCCs are given an opportunity to provide feedback. A survey form is mailed to the complainant when the written complaint is closed. The methodology allows 100% of complainants the opportunity to respond with no fixed deadline. The most recent survey period was September 2020 to August 2021.

***Banks, Trust Companies and Foreign Bank Organizations***

For fiscal year 2021, 32 surveys were mailed and five were returned, for a 16% response rate.

***Money Services Businesses***

For fiscal year 2021, 143 surveys were mailed to consumers and nine responses were received, for a 6% response rate.

***Prepaid Funeral Contract and Perpetual Care Cemeteries***

For fiscal year 2021, 47 surveys were mailed to consumers and six responses were received, for a 13% response rate.

## Other Opportunities for Input from Stakeholders

### *Banker Economic and Business Survey*

The Department routinely requests specific information about the local economy and business climate from state-chartered banks, the results of which provide 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) through the Department's Ombudsman. This function provides an effective forum for addressing industry concerns and identifying potential problems in the implementation of Department policies. In 2021, 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 adopted rules (7 TAC, Part 2, Chapter 11, §§11.10, 11.11 and 11.12) pertaining to procedures for processing complaints and inquiries to align with the Sunset Advisory Commission's Licensing and Regulation Model guidelines in 2019.

The Department has two performance measures related to consumer assistance that are comparable across the three finance agencies and reported on a quarterly basis to the Finance Commission of Texas.

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

## Analysis and Results of Customer Service Survey

### Constituents Offered Consumer Assistance

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

Of the 211 invitations sent to consumers who interacted with the consumer assistance staff since September 2019, only 20 respondents participated.

The overall results were less than favorable as 55% of respondents were dissatisfied with the complaint process and handling. Overall, 55% were dissatisfied with the agency, 30% were satisfied, and 15% were neutral or shared no opinion. Survey results for 2021 show a slight improvement compared to 2019. Generally, survey responses reflect a higher rate of dissatisfaction when the outcome is not in favor of the complainant.

## Customer Service Survey – Fiscal Years 2019 -2021

### Constituents Offered Consumer Assistance

*Reflects summary responses from 20 surveys received or 9.5% of the 211 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	3	15%
Unsatisfied	1	5%
Neutral	3	15%
Satisfied	1	5%
Very Satisfied	3	15%
N/A – Not Applicable	9	45%
<b>Total</b>	<b>20</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	5	25%
Unsatisfied	1	5%
Neutral	3	15%
Satisfied	2	10%
Very Satisfied	5	25%
N/A – Not Applicable	4	20%
<b>Total</b>	<b>20</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	4	20%
Unsatisfied	1	5%
Neutral	5	25%
Satisfied	4	20%
Very Satisfied	4	20%
N/A – Not Applicable	2	10%
<b>Total</b>	<b>20</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	2	10%
Unsatisfied	4	20%
Neutral	5	25%
Satisfied	6	30%
Very Satisfied	2	10%
N/A – Not Applicable	1	5%
<b>Total</b>	<b>20</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	6	30%
Unsatisfied	5	25%
Neutral	2	10%
Satisfied	2	10%
Very Satisfied	4	20%
N/A – Not Applicable	1	5%
<b>Total</b>	<b>20</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	3	116%
Unsatisfied	2	110%
Neutral	4	21%
Satisfied	3	16%
Very Satisfied	4	21%
N/A – Not Applicable	3	16%
<b>Total</b>	<b>19</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	20%
Unsatisfied	1	5%
Neutral	5	25%
Satisfied	2	10%
Very Satisfied	1	5%
N/A – Not Applicable	7	35%
<b>Total</b>	<b>20</b>	<b>100%</b>

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

Very Unsatisfied	6	30%
Unsatisfied	5	25%
Neutral	3	15%
Satisfied	1	5%
Very Satisfied	5	25%
N/A – Not Applicable	0	0%
<b>Total</b>	<b>20</b>	<b>100%</b>

## Analysis and Results of Banks and Trust Companies Surveys

### *Rate the Department Analysis*

The Department received 101 responses from 259 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-seven 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 their institution's communication with the Department was generally satisfactory and agency staff responded satisfactorily to their needs.

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

For fiscal year 2021, 185 surveys were mailed, and 122 responses were received for a 65.9% response rate. In fiscal year 2020, 180 surveys were mailed, and 112 responses were received for a 62.2% response rate.

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

## Bank and Trust Companies "Rate the Department" Survey – 2021

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 7, 2022. Survey results will be tabulated and released via the Department's Customer Service Report. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

83 Respondents provided their name (optional)

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

Dallas	32	31%
Houston	30	30%
Lubbock	19	19%
San Antonio	20	20%
<b>Total</b>	<b>101</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	62	61%
No	39	39%
<b>Total</b>	<b>101</b>	<b>100%</b>

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

Strongly Agree	42	67%
Agree	21	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>63</b>	<b>100%</b>

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

27 Responses

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

Strongly Agree	41	41%
Agree	57	56%
Disagree	1	0%
Strongly Disagree	0	0%
No Opinion	3	3%
<b>Total</b>	<b>101</b>	<b>100%</b>

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

Strongly Agree	60	59%
Agree	40	40%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	1%
<b>Total</b>	101	100%

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

Strongly Agree	50	50%
Agree	44	43%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	7%
<b>Total</b>	101	100%

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

Strongly Agree	57	56%
Agree	41	41%
Disagree	1	0%
Strongly Disagree	0	0%
No Opinion	3	3%
<b>Total</b>	101	100%

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

Strongly Agree	49	48%
Agree	44	44%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	8%
<b>Total</b>	101	100%

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

Strongly Agree	47	47%
Agree	53	52%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	1%
<b>Total</b>	101	100%

**12. Was your last examination completed using the Department's off-site examination process? If yes, the examination by the was completed effectively.**

Strongly Agree	38	37%
Agree	33	33%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	1	1%
<b>N/A</b>	<b>28</b>	<b>28%</b>
<b>Total</b>	<b>101</b>	<b>100%</b>

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

Not Cumbersome	54	53%
Somewhat Cumbersome	32	32%
Very Cumbersome	4	4%
No Opinion	11	11%
<b>Total</b>	<b>101</b>	<b>100%</b>

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

Yes	91	90%
No	10	10%
<b>Total</b>	<b>101</b>	<b>100%</b>

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

Very Beneficial	47	46%
Somewhat Beneficial	33	33%
Not Beneficial	6	6%
No Opinion	16	15%
<b>Total</b>	<b>101</b>	<b>100%</b>

**16. 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	94	93%
No	7	7%
<b>Total</b>	<b>101</b>	<b>100%</b>

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

35 Responses

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

41 Responses

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

32 Responses

**CORPORATE ACTIVITIES DIVISION**

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

Yes	27	27%
No	74	73%
<b>Total</b>	101	100%

**21. The Corporate Division is generally accessible.**

Strongly Agree	18	47%
Agree	9	24%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	11	29%
<b>Total</b>	38	100%

**22. Responses are generally timely.**

Strongly Agree	17	46%
Agree	9	24%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	10	27%
<b>Total</b>	37	100%

**23. The content and substance of responses are appropriate.**

Strongly Agree	15	42%
Agree	11	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	10	28%
<b>Total</b>	36	100%

**24. The Corporate staff handles my affairs professionally.**

Strongly Agree	17	46%
Agree	10	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	10	27%
<b>Total</b>	<b>37</b>	<b>100%</b>

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

Strongly Agree	14	39%
Agree	12	33%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	9	25%
<b>Total</b>	<b>36</b>	<b>100%</b>

**26. Requests for information are reasonable.**

Strongly Agree	13	36%
Agree	14	39%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	9	25%
<b>Total</b>	<b>36</b>	<b>100%</b>

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

Strongly Agree	8	22%
Agree	18	50%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	9	25%
<b>Total</b>	<b>36</b>	<b>100%</b>

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

Strongly Agree	8	22%
Agree	13	35%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	16	43%
<b>Total</b>	<b>37</b>	<b>100%</b>

## 29. Other suggestions or comments regarding the corporate division.

9 Responses

## LEGAL DIVISION

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

Yes	7	7%
No	93	93%
<b>Total</b>	100	100%

### 31. The Legal Division is accessible.

Strongly Agree	3	20%
Agree	4	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	15	100%

### 32. Responses are generally timely.

Strongly Agree	3	20%
Agree	3	20%
Disagree	1	7%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	15	100%

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

Strongly Agree	3	20%
Agree	4	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	15	100%

**34. The Legal staff handles my affairs professionally.**

Strongly Agree	3	20%
Agree	4	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	15	100%

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

Strongly Agree	3	20%
Agree	3	20%
Disagree	1	7%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	16	100%

**36. Requests for information are reasonable.**

Strongly Agree	3	20%
Agree	4	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	53%
<b>Total</b>	15	100%

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

Strongly Agree	4	24%
Agree	8	47%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	29%
<b>Total</b>	17	100%

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

4 Response

## OVERALL DEPARTMENT EFFECTIVENESS

### 39. Overall, Department personnel are responding satisfactorily to my needs.

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

### 40. Overall, my institution's communication with the Department is generally satisfactory.

Strongly Agree	55	55%
Agree	45	45%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>100</b>	<b>100%</b>

### 41. 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	36 36%	61 61%	0 0%	0 0%	3 3%
Corporate Activities Bulletin	28 28%	61 61%	0 0%	0 0%	11 11%

### 42. List any suggestions for improving agency publications.

13 Responses

### 43. I find the Department's website easy to navigate.

Strongly Agree	26	26%
Agree	66	66%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	7	7%
<b>Total</b>	<b>100</b>	<b>100%</b>

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

None	3	3%
1 to 10	73	73%
11 to 20	22	22%
21 to 50	2	2%
51+	0	0%
<b>Total</b>	100	100%

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

28 Responses

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

12 Responses

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

16 Responses

**48. 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?**

21 Responses

**49. 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 31%	4 31%	0 0%	0 0%	5 38%
The issue was handled in a professional manner.	7 50%	2 14%	0 0%	0 0%	5 36%
The Department's findings were based on a logical interpretation of applicable law.	6 46%	2 15%	0 0%	0 0%	5 39%
The Department's suggestion for resolving the matter was reasonable.	5 38%	3 24%	0 0%	0 0%	5 38%

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

Strongly Agree	18	27%
Agree	32	47%
Disagree	5	7%
Strongly Disagree	3	4%
No Opinion	10	15%
<b>Total</b>	68	100%

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

12 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.**

10 Responses

**53. Contact information, if you desire a call back.**

3 Responses

**Commissioner's Banking Examination Survey**  
**Comparison 2021 to 2020**  
**185 mailed in 2021, 180 mailed in 2020**

**122 Responses or 65.9% Response Rate – 2021**

**112 Responses or 62.2% Response Rate – 2020**

**CONSOLIDATED ALL REGIONS, TRUST & IT**

**I. EXAMINATION PROCESS**

1. The examiners clearly communicated the examination scope and goals to management prior to the start of the examination.

# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
122	2021	75%	25%				
112	2020	69%	29%		1%		1%

2. The examiners requests for information prior to and during the examination were timely and reasonable

122	2021	69%	30%	1%			
112	2020	67%	29%	3%			1%

3. DEX is an efficient method to provide requested information to examiners securely (if applicable).

122	2021	49%	42%	7%			2%
112	2020	48%	31%	3%			18%

4. The examination team acted in a professional and courteous manner during the examination.

122	2021	79%	19%	1%			1%
112	2020	83%	15%	1%			1%

5. The examiners communicated with management throughout the examination.

122	2021	79%	19%	1%			1%
112	2020	76%	21%	1%			2%

6. The examiners are informed of current industry issues and were knowledgeable of your bank.

122	2021	64%	31%	2%			3%
112	2020	64%	34%				2%

7. In what areas, if any, do you feel the examiners need additional training or education? Attach additional paper if necessary.

122	2021						
112	2020						

8. The examiners remain focused on the key issues confronting your institution.

122	2021	64%	35%				1%
112	2020	60%	39%				1%

9. The examiners clearly and effectively communicated their findings and concerns at the exit and board meetings.

122	2021	73%	26%	1%			
112	2020	70%	26%	3%			1%

10. Conclusions regarding the bank's condition were well supported

122	2021	66%	32%	2%			
112	2020	64%	32%	3%			1%

11. Recommendations for corrective actions were reasonable.

122	2021	64%	30%				6%
112	2020	60%	34%	1%			5%

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?

122	2021	94%				6%	
112	2020	92%				5%	3%
		NO				YES	

## COMPARISON 2020 to 2021

**122 Responses or 65.9% Response Rate – 2021**

**112 Responses or 62.2% Response Rate – 2020**

### 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
122	2021	79%	21%				
112	2020	69%	29%	1%			1%

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

122	2021	73%	26%				1%
112	2020	69%	29%	1%			1%

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

122	2021	75%	24%				1%
112	2020	75%	22%	2%			1%

#### 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
122	2021	57%	43%				
112	2020	52%	46%	1%			1%

2. The examination was completed in a reasonable timeframe.

122	2021	67%	30%	1%			2%
112	2020	61%	28%				11%

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

122	2021	66%	32%	1%			1%
112	2020	69%	29%	1%			1%

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

122	2021	70%	26%				4%
112	2020	66%	29%				5%

### **Survey of Consumer Complainants of Banks, Trust Companies, and Foreign Bank Organizations Analysis**

Of the 32 surveys mailed to complainants who filed a grievance against a regulated financial institution, five surveys were returned for a 16% response rate.

Sixty percent of complainants found it relatively easy to file a complaint with our office, with 80% of respondents indicating that they submitted their complaint by email.

In general, 60% 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. Eighty percent of respondents indicated that the consumer assistance staff handled their problem in a professional manner. Consumer assistance staff were deemed courteous and friendly by 80% of respondents. There were 20% of respondents expressing dissatisfaction with the consumer assistance staff.

## Consumer Feedback Survey Fiscal Year 2021

### Bank and Trust Supervision

Reflects summary responses from five surveys received or 16% of the 32 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.	5	0%	60%	20%	0%	20%	0%
2. I had adequate access to the Consumer Assistance staff.	5	0%	60%	0%	20%	20%	0%
3. The Consumer Assistance staff handled my problem in a professional manner.	5	20%	60%	0%	0%	20%	0%
4. Overall, I was satisfied with the Department's assistance.	5	20%	40%	0%	0%	40%	0%

	# of Responses	Web Site	Notice from Bank	Friend/Neighbor	Referred by Another Agency	Other
5. How did you find out about us?	5	80%	0%	0%	20%	0%

	# of Responses	Mail	E-mail	In Person	Other
6. How did you file your complaint?	5	0%	80%	0%	20%

*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	20%	40%
8. If not, were you informed about the agency's toll free number?	4	25%	75%
9. Were you asked to submit a complaint form to begin an investigation?	4	25%	50%

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
10. The Department's automated menu was relatively easy to use.	5	20%	20%	60%	20%	0%	0%
11. The Consumer Assistance staff adequately identified themselves.	5	20%	20%	20%	0%	0%	0%
12. The Consumer Assistance staff was courteous and friendly.	5	60%	20%	0%	0%	20%	0%

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
13. I feel the Consumer Assistance staff understood the basis of my complaint.	3	0%	67%	0%	33%	0%	0%
14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.	3	0%	0%	33%	33%	33%	0%
15. A copy of applicable laws was included in the Department's response.	3	0%	0%	33%	33%	33%	0%
16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	3	0%	33%	33%	33%	0%	0%
17. An explanation was given as to why the Department could not resolve my complaint.	3	0%	0%	0%	33%	67%	0%
18. The explanation given was fair and objective.	3	0%	0%	33%	0%	67%	0%
19. Options were offered to help me resolve my problem.	3	0%	0%	33%	0%	67%	0%
20. I received a response within the timeframes disclosed to me.	3	0%	0%	33%	0%	67%	0%

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

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
21. I feel the Consumer Assistance staff understood the basis of my complaint.	3	33%	33%	0%	0%	0%	0%
22. The response provided addressed the important aspects of my complaint and provided useful information.	3	33%	0%	0%	0%	33%	0%
23. A copy of applicable laws was included in the Department's response.	3	0%	33%	33%	33%	33%	0%
24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	3	33%	33%	0%	0%	33%	0%
25. The resolution was fair considering applicable laws.	3	33%	33%	0%	0%	33%	0%
26. I received a response within the timeframes disclosed to me.	3	33%	33%	33%	0%	0%	0%

*If you accessed the Department via the Internet:*

	# of Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
27. I found the website easy to use.	4	25%	50%	0%	25%	25%	0%
28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.	4	25%	50%	25%	0%	25%	0%

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## Analysis and Results of Money Services Businesses Survey

### *Rate the Department Analysis*

Invitations to provide comment were sent to 170 MSBs requesting that they complete the online survey. The Department received 41 responses, accounting for 24% of the total number of licensees.

Overall, 100% of respondents expressed that Department personnel responded satisfactorily to their needs. Approximately 91% of the MSBs examiner requests for information prior to and during the examinations were considered timely and reasonable.

## Non-Depository Supervision – MSB “Rate the Department” Survey – 2021

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 7, 2022. Survey results will be tabulated and released via the Department’s Customer Service Report. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

18 Respondents provided their name (optional)

## 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	37%
Agree	24	58%
Disagree	2	5%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>41</b>	<b>100%</b>

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

Strongly Agree	16	39%
Agree	22	54%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	7%
<b>Total</b>	<b>41</b>	<b>100%</b>

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

Strongly Agree	15	37%
Agree	26	63%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>41</b>	<b>100%</b>

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

21 Responses

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

23 Responses

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

19 Responses

## EXAMINATION COMMUNICATION

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

Strongly Agree	10	29%
Agree	22	65%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	6%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	6	18%
Agree	16	47%
Disagree	1	3%
Strongly Disagree	1	3%
No Opinion	10	29%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	9	26%
Agree	21	62%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	3	9%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	17	50%
Agree	13	38%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	12%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	15	44%
Agree	15	44%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	12%
<b>Total</b>	<b>34</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	15	44%
Agree	15	44%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	3	9%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	11	32%
Agree	14	41%
Disagree	3	9%
Strongly Disagree	0	0%
No Opinion	6	18%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	8	23%
Agree	21	62%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	15%
<b>Total</b>	<b>34</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?**

20 Responses

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

Strongly Agree	9	26%
Agree	21	62%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	12%
<b>Total</b>	<b>34</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	9	26%
Agree	20	59%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	4	12%
<b>Total</b>	<b>34</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	11	32%
Agree	19	56%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	3	9%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

15 Responses

**21. Has your company been examined by a multi-state joint examination in 2021?**

Yes	21	62%
No	13	38%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Yes	14	58%
No	10	42%
<b>Total</b>	<b>24</b>	<b>100%</b>

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

Yes	4	17%
No	20	83%
<b>Total</b>	<b>24</b>	<b>100%</b>

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

Strongly Agree	8	29%
Agree	16	57%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	14%
<b>Total</b>	<b>28</b>	<b>100%</b>

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

Strongly Agree	7	25%
Agree	17	61%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	14%
<b>Total</b>	<b>28</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	7	25%
Agree	16	57%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	4	14%
<b>Total</b>	<b>28</b>	<b>100%</b>

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

23 Responses

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

18 Responses

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

Joint	23	85%
Independent	4	15%
<b>Total</b>	<b>27</b>	<b>100%</b>

**30. Please list the state(s) that was/were the lead in 2021.**

22 Responses

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

19 Responses

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

17 Responses

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

13 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	3	9%
No	31	91%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	2	17%
Agree	3	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	58%
<b>Total</b>	<b>12</b>	<b>100%</b>

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

Strongly Agree	2	17%
Agree	2	17%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	67%
<b>Total</b>	<b>12</b>	<b>100%</b>

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

Strongly Agree	2	17%
Agree	2	17%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	8	66%
<b>Total</b>	12	100%

**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	6%
No	32	94%
<b>Total</b>	34	100%

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

Strongly Agree	0	0%
Agree	2	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	75%
<b>Total</b>	8	100%

**41. Responses are generally timely.**

Strongly Agree	0	0%
Agree	2	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	75%
<b>Total</b>	8	100%

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

Strongly Agree	0	0%
Agree	2	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	75%
<b>Total</b>	<b>8</b>	<b>100%</b>

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

Strongly Agree	0	0%
Agree	1	12%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	88%
<b>Total</b>	<b>8</b>	<b>100%</b>

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

2 Responses

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

Strongly Agree	15	44%
Agree	19	56%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

Strongly Agree	8	23%
Agree	22	65%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	3	9%
<b>Total</b>	<b>34</b>	<b>100%</b>

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

None	2	7%
1 to 10	23	72%
11 to 20	3	9%
21 to 50	3	9%
51+	1	3%
<b>Total</b>	<b>32</b>	<b>100%</b>

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

15 Responses

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

10 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.	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>No Opinion</b>
Requests for information were reasonable.	2 17%	1 8%	0 0%	0 0%	9 75%
The issue was handled in a professional manner.	2 17%	1 8%	0 0%	0 0%	9 75%
The Department's findings were based on a logical interpretation of applicable law.	2 17%	1 8%	0 0%	0 0%	9 75%
The Department's suggestion for resolving the matter was reasonable.	2 17%	1 8%	0 0%	0 0%	9 75%

**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.**

6 Responses

**51. Contact information, if you desire a call back.**

3 Responses

### ***Survey of Consumer Complainants of MSB Licensees Analysis***

There were 143 surveys mailed to complainants of MSBs with nine responding.

All respondents found it relatively easy to file a complaint with our office, with approximately two-thirds of respondents indicating that they submitted their complaint by email.

All respondents were satisfied with the assistance received from the Department. Consumer assistance staff were rated well for their handling of the consumer's problem in a professional manner. Consumer assistance staff were deemed courteous and friendly by 50% of respondents with another 50% expressing no opinion.

## **Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2021**

### **Money Services Businesses**

*Reflects summary responses from nine surveys received or 6% of the 143 surveys mailed.*

#### **Complaints opened in FY-2021**

##### **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
9	2021	78%	22%	0%	0%	0%	0%

9	2021	44%	22%	33%	0%	0%	0%
---	------	-----	-----	-----	----	----	----

9	2021	78%	22%	0%	0%	0%	0%
---	------	-----	-----	----	----	----	----

9	2021	89%	11%	0%	0%	0%	0%
---	------	-----	-----	----	----	----	----

5. How did you find out about us?

# of Responses	Year	Web-Site	Notice from Bank	Friend/Neighbor	Referred by Another Agency	Other
9	2021	33%	11%	0%	22%	33%

6. How did you file your complaint?

# of Responses	Year	Mail	E-mail	In Person	Other
9	2021	33%	67%	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
3	2021	0%	0%	0%	100%	0%	0%

3	2021	67%	0%	0%	33%	0%	0%
---	------	-----	----	----	-----	----	----

3	2021	67%	0%	0%	33%	0%	0%
---	------	-----	----	----	-----	----	----

2	2021	50%	0%	0%	0%	0%	50%
---	------	-----	----	----	----	----	-----

2	2021	50%	0%	0%	0%	0%	50%
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2	2021	50%	0%	0%	0%	0%	50%
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**Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2021**  
Money Services Businesses

**If your complaint was NOT resolved in your favor:**

13. I feel the Consumer Assistance staff understood the basis of my complaint.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
3	2021	33%	33%	0%	33%	0%	0%

14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.

3	2021	33%	33%	0%	0%	33%	0%
---	------	-----	-----	----	----	-----	----

15. A copy of applicable laws was included in the Department's response.

3	2021	33%	33%	0%	0%	0%	33%
---	------	-----	-----	----	----	----	-----

16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.

3	2021	33%	67%	0%	0%	0%	0%
---	------	-----	-----	----	----	----	----

17. An explanation was given as to why the Department could not resolve my complaint.

3	2021	0%	0%	0%	0%	0%	100%
---	------	----	----	----	----	----	------

18. The explanation given was fair and objective.

3	2021	0%	0%	0%	33%	33%	33%
---	------	----	----	----	-----	-----	-----

19. Options were offered to help me resolve my problem.

3	2021	33%	0%	33%	0%	0%	33%
---	------	-----	----	-----	----	----	-----

20. I received a response within the timeframes disclosed to me.

3	2021	33%	67%	0%	0%	0%	0%
---	------	-----	-----	----	----	----	----

**If your complaint was resolved in your favor:**

21. I feel the Consumer Assistance staff understood the basis of my complaint.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
7	2021	71%	29%	0%	0%	0%	0%

22. The response provided addressed the important aspects of my complaint and provided useful information.

7	2021	86%	0%	0%	14%	0%	0%
---	------	-----	----	----	-----	----	----

23. A copy of applicable laws was included in the Department's response.

7	2021	57%	29%	0%	0%	0%	14%
---	------	-----	-----	----	----	----	-----

24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.

7	2021	86%	0%	14%	0%	0%	0%
---	------	-----	----	-----	----	----	----

25. The resolution was fair considering applicable laws.

7	2021	86%	0%	14%	0%	0%	0%
---	------	-----	----	-----	----	----	----

26. I received a response within the timeframes disclosed to me.

7	2021	100%	0%	0%	0%	0%	0%
---	------	------	----	----	----	----	----

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

27. I found the website easy to use.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
7	2021	86%	14%	0%	0%	0%	0%

28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.

7	2021	86%	0%	14%	0%	0%	0%
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## Analysis and Results of PFC/PCC Surveys

### *Rate the Department Analysis*

Invitations were sent to 270 PFCs and PCCs requesting each entity complete the online survey. Fifty-two responses were received, accounting for approximately 19% of the total number of licensees. The overall results were mostly positive.

The agency received a 92% satisfactory performance rating for headquarters office staff being accessible and providing timely and accurate feedback. Ninety-six percent of respondents agreed that examiners acted in a professional and courteous manner during the examination.

## Non-Depository Supervision – PFC/PCC "Rate the Department" Survey – 2021

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 7, 2022. Survey results will be tabulated and released via the Department's Customer Service Report. Please call Phil at 512-475-1336 if you have any questions.

### 1. Person Completing the Survey?

37 Respondents provided their name (optional)

## COMMUNICATION & CORRESPONDENCE

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

Strongly Agree	16	31%
Agree	23	44%
Disagree	3	6%
Strongly Disagree	1	2%
No Opinion	9	17%
<b>Total</b>	52	100%

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

Strongly Agree	22	42%
Agree	26	50%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	3	6%
<b>Total</b>	52	100%

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

Strongly Agree	24	46%
Agree	48	48%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	6%
<b>Total</b>	75	100%

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

15 Responses

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

21 Responses

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

18 Responses

## EXAMINATION COMMUNICATION

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

Strongly Agree	26	53%
Agree	16	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	14%
<b>Total</b>	49	100%

### 9. If utilized in 2021, access to the Department's Data Exchange (DEX) allowed us to upload, report, and exchange data quickly.

Strongly Agree	16	33%
Agree	15	31%
Disagree	4	8%
Strongly Disagree	1	2%
NA	13	26%
<b>Total</b>	49	100%

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

Strongly Agree	26	53%
Agree	17	35%
Disagree	2	4%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	49	100%

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

Strongly Agree	31	63%
Agree	16	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	4%
<b>Total</b>	49	100%

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

Strongly Agree	30	61%
Agree	15	31%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	<b>49</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	29	59%
Agree	13	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	14%
<b>Total</b>	<b>49</b>	<b>100%</b>

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

Strongly Agree	27	55%
Agree	16	33%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	5	10%
<b>Total</b>	<b>49</b>	<b>100%</b>

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

Strongly Agree	25	51%
Agree	19	39%
Disagree	0	0%
Strongly Disagree	1	2%
No Opinion	4	8%
<b>Total</b>	<b>49</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?**

26 Responses

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

Strongly Agree	29	59%
Agree	17	35%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	6%
<b>Total</b>	49	100%

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

Strongly Agree	27	55%
Agree	17	35%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	49	100%

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

Strongly Agree	29	59%
Agree	16	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	8%
<b>Total</b>	49	100%

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

17 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	2	4%
No	47	96%
<b>Total</b>	49	100%

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

Strongly Agree	2	20%
Agree	2	20%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	60%
<b>Total</b>	10	100%

**23. Responses are generally timely.**

Strongly Agree	4	40%
Agree	1	10%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	50%
<b>Total</b>	10	100%

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

Strongly Agree	3	30%
Agree	2	20%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	50%
<b>Total</b>	10	100%

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

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
<b>Total</b>	10	100%

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

4 Responses

## OVERALL DEPARTMENT EFFECTIVENESS

### 27. Overall, Department personnel are responding satisfactorily to my needs.

Strongly Agree	26	53%
Agree	20	41%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	6%
<b>Total</b>	<b>49</b>	<b>100%</b>

### 28. I find the Department's website easy to navigate.

Strongly Agree	17	35%
Agree	21	42%
Disagree	3	6%
Strongly Disagree	0	0%
No Opinion	8	16%
<b>Total</b>	<b>49</b>	<b>100%</b>

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

None	9	18%
1 to 10	32	66%
11 to 20	6	12%
21 to 50	2	4%
51+	0	0%
<b>Total</b>	<b>49</b>	<b>100%</b>

### 30. What information is the most useful on the Department's website?

18 Responses

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

10 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.	5 50%	0 0%	0 0%	0 0%	5 50%
The issue was handled in a professional manner.	5 50%	0 0%	0 0%	0 0%	5 50%
The Department's findings were based on a logical interpretation of applicable law.	4 40%	0 0%	0 0%	0 0%	6 60%
The Department's suggestion for resolving the matter was reasonable.	4 40%	0 0%	0 0%	0 0%	6 60%

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

7 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.**

6 Responses

**33. Contact information, if you desire a call back.**

5 Responses

### ***Survey of Consumer Complainants of PFC and PCC Analysis***

Forty-seven PFC and PCC complainants were mailed surveys and six responded during the survey period.

Overall, 100% of respondents were satisfied with the Department's assistance. All respondents rated consumer assistance staff favorably for the professional manner their problem or inquiry was handled. Consumer assistance staff was also deemed courteous and friendly by all.

All respondents found it relatively easy to file a complaint with our office, with approximately one-third of respondents indicating that they submitted their complaint by email.

## **Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2021**

### **Prepaid Funeral Benefits and Perpetual Care Cemeteries**

*Reflects summary responses from six surveys received or 13% of the 47 surveys mailed.*

#### Complaints opened in FY-2021

##### 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
6	2021	100%	0%	0%	0%	0%	0%

6	2021	83%	17%	0%	0%	0%	0%
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6	2021	100%	0%	0%	0%	0%	0%
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6	2021	100%	0%	0%	0%	0%	0%
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5. How did you find out about us?

# of Responses	Year	Web-Site	Notice from Bank	Friend/Neighbor	Referred by Another Agency	Other
6	2021	17%	0%	33%	0%	50%

6. How did you file your complaint?

# of Responses	Year	Mail	E-mail	In Person	Other
6	2021	33%	33%	0%	33%

##### 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
3	2021	100%	0%	0%	0%	0%	0%

1	2021	100%	0%	0%	0%	0%	0%
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2	2021	100%	0%	0%	0%	0%	0%
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2	2021	100%	0%	0%	0%	0%	0%
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3	2021	100%	0%	0%	0%	0%	0%
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3	2021	100%	0%	0%	0%	0%	0%
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**Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2021**  
**Prepaid Funeral Benefits and Perpetual Care Cemeteries**

**If your complaint was NOT resolved in your favor:**

13. I feel the Consumer Assistance staff understood the basis of my complaint.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
2	2021	100%	0%	0%	0%	0%	0%

14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.

2	2021	100%	0%	0%	0%	0%	0%
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15. A copy of applicable laws was included in the Department's response.

2	2021	100%	0%	0%	0%	0%	0%
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16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.

2	2021	100%	0%	0%	0%	0%	0%
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17. An explanation was given as to why the Department could not resolve my complaint.

2	2021	50%	0%	50%	0%	0%	0%
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18. The explanation given was fair and objective.

2	2021	50%	0%	50%	0%	0%	0%
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19. Options were offered to help me resolve my problem.

2	2021	50%	0%	50%	0%	0%	0%
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20. I received a response within the timeframes disclosed to me.

2	2021	100%	0%	0%	0%	0%	0%
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**If your complaint was resolved in your favor:**

21. I feel the Consumer Assistance staff understood the basis of my complaint.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
6	2021	33%	0%	0%	0%	0%	0%

22. The response provided addressed the important aspects of my complaint and provided useful information.

6	2021	100%	0%	0%	0%	0%	0%
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23. A copy of applicable laws was included in the Department's response.

6	2021	83%	0%	17%	0%	0%	0%
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24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.

6	2021	100%	0%	0%	0%	0%	0%
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25. The resolution was fair considering applicable laws.

6	2021	100%	0%	0%	0%	0%	0%
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26. I received a response within the timeframes disclosed to me.

6	2021	100%	0%	0%	0%	0%	0%
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**If you accessed the Department via the Internet:**

27. I found the website easy to use.

# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
6	2021	83%	0%	0%	0%	0%	17%

28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.

6	2021	83%	0%	0%	0%	0%	17%
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### 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 512-475-1199 Mr. Eduardo Perez 512-475-1199  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>