

Strategic Plan

Fiscal Years 2025-2029



Texas Department of Banking

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Agency Strategic Plan Fiscal Years 2025 to 2029

By

Texas Department of Banking

Finance Commission of Texas		
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Phillip A. Holt, Chair	Feb 23, 2016 to Feb 1, 2028	Bonham
Robert (Bob) Borochoff	Feb 22, 2016 to Feb 1, 2028	Houston
Hector J. Cerna	Dec 16, 2015 to Feb 1, 2026	Eagle Pass
Kathleen K. Fields	May 16, 2024 to Feb 1, 2028	San Antonio
Glen Martin (Marty) Green	June 27, 2022 to Feb 1, 2028	Dallas
Troy L. Lambden	May 16, 2024 to Feb 1, 2030	Graham
Sharon McCormick	April 20, 2020 to Feb 1, 2026	Frisco
Roselyn (Rosie) Morris, Ph.D.	March 24, 2022 to Feb 1, 2026	San Marcos
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Miguel Romano, Jr.	May 16, 2024 to Feb 1, 2030	Austin
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Submitted June 1, 2024

/s/ Charles G. Cooper

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, and develop appropriate supervisory strategies to adapt to these changes.

Agency Goals and Action Plans

- 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.
- 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.
- 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 by utilizing electronic examination tools and the Department's secure data exchange portal to share information with regulated entities and federal counterparts.
- Improve the 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 for evaluating risks and risk management practices of our regulated entities.
- Provide 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 with various avenues for filing complaints on entities regulated by the Department.

Agency Goals and Action Plans

- 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 a data exchange portal which is used by regulated entities and examination staff to improve the secure 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 and travel burden, and to 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.

Agency Goals and Action Plans

- 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;
 - Department-issued regulatory and supervisory guidance accessible through the Law and Guidance Manual; and
 - Accurate lists of entities currently (or formerly) supervised, registered, and licensed by the Department.
- Provide status reports regarding agency activities and industry conditions to the Finance Commission of Texas (FC).

Other Considerations

Overview

Overall, state-chartered banks are operating with strong capital but face an increasingly challenging operating environment with labor shortages, high interest rates, and inflationary pressures. Concerns related to liquidity and credit risks are at the forefront. The Department 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 Department strives to react quickly to changing economic conditions as well as catastrophic events.

The number and total assets of banking entities supervised by the Department as of December 31, 2023, is shown in the following table:

Regulated Entities	Number of Entities As of December 31, 2023	Total Assets (\$ millions)
Commercial Banks	213	432,115
Commercial Bank Trust Departments	35	109,803⁽¹⁾
Trust Companies	16 Non-exempt 20 Exempt	170,316⁽²⁾
Offices of Foreign Bank Organizations (FBOs) ⁽³⁾	4 Agencies 17 Representative Offices 3 Branches	114,299

(1) Asset under management is not included in total assets of commercial banks.

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

(3) Foreign bank agency, representative office, or branch licensed to operate in Texas.

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

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 concerns surrounding the stability of state-chartered financial institutions and identifying the 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.

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The Bank and Trust Supervision Division staff are primarily responsible for conducting examinations and performing off-site monitoring of state-chartered banks and trust companies. Risk-focused and forward-looking examinations are conducted utilizing an improved examination scoping process and risk-focused procedures. Examinations are often performed using a hybrid approach with examination staff working on-site as well as off-site.

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.

Division staff utilizes the FDIC's Examination Tools Suite (ETS) to review and document examinations. ETS allows for the collaboration of findings among examination staff and review examiners while also allowing bank examiners with the Department, FDIC, and FRB to share information more effectively in the examination of financial institutions for safety and soundness. The agency utilizes a secure Internet portal for regulated entities and federal counterparts to exchange information with the Department. A new web-based platform was slated to be released at year-end 2022, however, programming delays occurred. Progress continues to be made on implementing the selected platform which will include added security features. The enhanced data exchange platform is projected to be released in 2025.

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, 2024, the division represents 65% of the agency's 184 employees. Based on the authorized staffing plan, however, the division is understaffed by 20 full-time employees as of March 2024. In addition, 18% of the division staff are eligible to retire or includes return-to-work retirees who may leave at any time in 2024. This increases to 26% over the next five years.

Historically, the agency has experienced high turnover with financial examiners in the first five years of employment, leaving a void in the number of examiners qualified to become mid-level examiners. This mid-level workforce gap has been difficult to fill given that there are so few applicants for mid-level positions that require a certain level of skills and experience. Further, senior management continues to face the challenges of having a high number of well-tenured financial examiners eligible to retire over the next five years and a shortage of mid-level examiners available to take their place if these retirements occur. The Department will continue to focus on recruiting and retention efforts.

As regulated entities continue to become more complex, the need to be fully staffed is more critical. Much of the examination staff have experienced an increase in workload while operating with insufficient resources, increasing the risk of worker fatigue. This trend is likely to continue until staffing levels are in line with the staffing plan. 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 the remaining staff over the next five years.

Agency Goals and Action Plans

Examination Workforce Challenges

Texas state-chartered banks continue to grow in asset-size and complexity, a continuing trend that is not expected to change 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 often rely on third parties to provide various products and services. This includes partnering 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 increase their reliance on these types of companies for services, 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.

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. Training courses and seminars which had been primarily conducted virtually during the pandemic are gradually transitioning back to a more effective in-person training format. The Department has resumed conducting in-person internal examiner schools which were postponed due to the pandemic. In addition, an intense training program for newly hired assistant examiners was successfully implemented in June 2023. The program focuses on the fundamentals of commercial bank examination and will be utilized going forward as part of the agency's internal training program. This formalized training program is expected to shorten the timeframe for commissioning financial examiners and improve efficiencies within the agency. 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 into commissioned examiners. The estimated cost to adequately train an examiner in the financial examiner levels I-III through the first four years of employment is approximately \$325,000. 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.

Efforts to hire experienced examiners from external sources have not been productive; however, we will attempt to improve staffing levels through enhanced recruiting. As indicated above, the new internal training program has been successful. We will continue to focus on this method and refine the structure.

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 for the banking industry over the next five years:

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- (1) Cybersecurity threat detection and prevention while also providing modern electronic banking conveniences for customers.
- (2) Instabilities in economic conditions, high interest rates, and inflationary pressures that could impact asset quality and other performance metrics.
- (3) The cost of complying with federal rules and regulations, primarily for smaller community banks.
- (4) Competition for deposits and pricing pressures associated with the tightening of credit underwriting standards.
- (5) Succession planning as it relates to the recruitment and retention of qualified staff to replace retiring management and board members, especially in smaller, rural communities.
- (6) Commercial Real Estate and funding concentrations without effective risk mitigation strategies especially in an elevated interest rate environment.
- (7) Identifying and maintaining safeguards against IT vulnerabilities.
- (8) Maintaining reliable funding sources and sound asset quality in an environment of higher interest rates, compared to prior years, and depreciation within portfolios.
- (9) Changes in the Texas economy caused by external events, international trade disputes and geopolitical conflicts, weakness in specific industries, or cybersecurity incidents which could impact financial service providers and the customers who rely on them.
- (10) Finding new revenue sources without disproportionately increasing compliance, credit, and operational risks.
- (11) Increased competition in the personnel area from other financial service providers, especially from non-banks.
- (12) Climate-related events such as hurricanes, wildfires, floods, and droughts can impact credit and investment risk.

As financial institutions implement advanced automation and innovative technology including 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 institutions to perform internal cybersecurity risk assessments that are reviewed at each examination. The Department maintains 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 impacting the traditional banking environment. As a result, some banks are strategically partnering with FinTech companies to enhance the services provided to their customers.

Agency Goals and Action Plans

The use of digital assets is disrupting the financial services marketplace, and some Texas state-chartered banks and trust companies have expressed interest in offering such assets. President Biden issued an Executive Order (EO) in March 2022, Ensuring the Responsible Development of Digital Assets. The EO contained six key priorities: consumer and investor protection; promoting financial stability; countering illicit finance; U.S. leadership in the global financial system and economic competitiveness; financial inclusion; and responsible innovation. 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 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 other digital assets should notify the FDIC for review and feedback. The federal financial regulatory agencies continue to assess current and proposed crypto-asset-related activities by banking organizations and whether or how they can be legally permissible, and conducted in a manner that is safe and sound and in compliance with applicable laws and regulations. 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 as it has demonstrated to be highly volatile and vulnerable. The Department will continue to evaluate this technology and the ramifications associated with the EO and guidance provided by federal agencies and adjust processes as needed to ensure the safety and soundness of chartered entities.

Goal: Effective Regulation of Non-Depository Supervision Licensees

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

Actions Required to Achieve Goal

- Conduct Money Services Business (MSB), Prepaid Funeral Contract (PFC), and Perpetual Care Cemetery (PCC) examinations, in conformance with the Department's examination priority schedule and in a thorough, accurate, coordinated, and timely manner. MSB examinations are conducted either independently or jointly with other state regulatory entities, or in cooperation with federal regulatory entities.
- Maintain contact with and monitor the condition of regulated entities between examinations. Continue to improve off-site monitoring processes by augmenting our management information systems (MIS).
- Monitor fluctuations in economic conditions, 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.

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- Actively participate in the Multi-State MSB Examination Task Force (MMET), Money Transmitter Regulators Association (MTRA), and CSBS and its various committees, to promote and improve the 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's multi-state networked supervision system conserves Department resources and minimizes the regulatory burden on supervised entities while achieving our objectives.
- Collaborate and coordinate with MSB regulators in other states in the implementation of the Model Money Transmission Modernization Act (Model Law).
- Collaborate with stakeholders, industry auditors, and legislators in the implementation of the Digital Assets Service Provider law passed by the 88th Texas Legislature in 2023.
- Optimize efficiencies in the examination process utilizing available electronic examination tools and the secure data exchange portal to share information with regulated entities and other state regulators.
- Research, monitor, and report on changes to the industry, including statutory and economic conditions, and digital assets market evolutions. Develop appropriate supervisory strategies to adapt to these changes.
- Monitor the impact of potential federal legislation on licensed money transmitters 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 illegal 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.
- 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.

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- 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 with 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 a data exchange portal which is used by regulated entities and examination staff to improve the secure 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.
- 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.

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- Allow flexible work schedules where appropriate to reduce on-site examination time and travel burden, and to 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 that 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;
 - Examination procedures;
 - Corporate applications, notices, and filing activity;
 - Department-issued regulatory and supervisory guidance accessible through the Law and Guidance Manual; and

Agency Goals and Action Plans

- Accurate lists of entities currently (or formerly) supervised, registered, and licensed by the Department.
- Provide status reports regarding agency activities and industry conditions to the Finance Commission of Texas (FC).

Other Considerations

Overview

The Department must continue to stay abreast of industry changes and challenges, especially with more complex MSBs such as those that provide cryptocurrency or other digital asset services. With the evolving MSB industry and the increase in more complex licensees, the agency will face strains on staffing and operations if additional resources are not available.

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 will continue to work closely with organizations, such as CSBS and MTRA, and federal agencies such as the Financial Crimes Enforcement Network (FinCEN), Consumer Financial Protection Bureau (CFPB), and Internal Revenue Service to stay informed of the matters affecting our regulated 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. A high level of knowledge and expertise is essential as NDS staff are increasingly collaborating with the Corporate Activities Division and the Legal Division staff on applications for new MT licensees. The Department is considered a leader in MSB regulation and examinations, often leading multi-state examinations, participating in the various non-depository committees that establish nationwide processes and procedures, and providing guidance on related emerging issues in the industry.

The number and total assets of the Department's non-depository licensees subject to examinations are shown in the following table:

Regulated Entities	Number of Entities As of December 31, 2023	Total Assets (\$ millions)
Money Services Businesses*	194	342,675
Prepaid Funeral Contract Sellers	335	4,876
Perpetual Care Cemeteries	245	469

**MT and CEX licensees*

The primary regulatory programs administered by the Department are funded through assessments, like those in Texas Administrative Code, Title 7, §§ 33.27(e)(1) and (e)(2), requiring each regulated industry to pay its proportionate share of the cost of regulation. The purpose of most fees charged by the Department, whether for an application, an examination, or another purpose, is to enable the Department to be self-supporting and each regulatory program to be self-sustaining. Further, since

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the Department may not directly or indirectly cause the State's General Revenue Fund to incur such costs, the Department must periodically evaluate its operations and financial forecasts to determine whether the fee structure equitably funds the cost of regulation, as required by statute, and adequately supports the department and relevant regulatory programs.

Assessments for the money services industry have remained the same since 2014, and operational expenses have significantly increased over the 10-year period. Although penalties assessed to both licensed and unlicensed entities for non-compliance have offset assessments collected from the industry to fund the cost of regulation, they are inherently inconsistent from year to year. An analysis of the Department's current and projected revenues revealed that key regulatory functions performed by the Non-Depository Supervision Division are not adequately funded by the existing fee structure primarily due to the increasing complexity of MSB examinations, which require additional staff resources and higher operational expenses, and the overall declining penalties. The Department has a proposal to amend §33.27 of the Texas Administrative Code that would give the Commissioner the ability to increase the allowable annual assessments paid by MSBs to offset the forecasted funding shortfalls.

Effective Examinations

Examinations of MSB, PFC, and PCC entities are conducted using a hybrid approach utilizing a combination of on-site and off-site activity, considering the risk level of each entity.

The Department participates in the MMET multi-state networked supervision system which utilizes uniform MSB examination procedures and practices among participating states. This level of collaboration allows the Department to conserve resources and minimizes the regulatory burden on supervised entities while achieving agency objectives. The MMET facilitates coordinated examinations among states as well as in partnership with the CFPB and FinCEN. In addition, the Department's examination cycle for MSB license holders aligns closely with several of the other state regulators participating in the networked supervision of multi-state MSBs. This has improved examination collaboration and efficiencies and reduced the regulatory burden on MT license holders without impacting the agency's 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.

CSBS, in conjunction with a working group that includes Department personnel, developed IT procedures for all non-depository financial service providers. These procedures will continue to be utilized by Department examiners as they provide a unified standard when examining MSBs, focusing on the MT business lines.

CEX license holders are not part of the nationwide networked supervision approach as the Department is their primary state regulator.

Staffing Resources

Examinations and monitoring of licensees are conducted by Non-Depository Supervision Division (NDS) staff, which represents 11% of the Department's employees as of March 31, 2024. Based on the authorized staffing plan, however, the division is understaffed by five full-time employees as of March 2024.

Although the number of MSB licensees has remained stable, it is anticipated that additional MSB licenses will be issued in the next two years. As MSB licensees continue to increase significantly in size

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and complexity, the need to be fully staffed is more critical. Additionally, the passage of Chapter 160 of the Finance Code by the 88th Texas Legislature charges the Department with ensuring money transmitters that qualify as digital asset service providers comply with certain standards. The statute requires the Department to utilize staffing resources to build out an expanded regulatory scheme to administer this new regulation, including an expanded examination scope for the eligible digital asset service providers.

Additional staff will be needed to conduct IT examinations of MSB license holders. The Department will need to provide specialized training for less experienced staff and hire qualified personnel with examiner/industry experience in the IT areas, if available. As a result, the Department will require more MSB examiners going forward.

The number of PFC licensees continues to decline while the number of PCC licensees remains stable. These trends are expected to continue over the next five years. Most of the PFC/PCC examination staff are mid-to-senior level examiners. An additional entry-level examiner will be needed to balance the staffing for PFC/PCC examiners.

Currently NDS staff are well diversified in terms of experience and knowledge. However, 24% of the NDS Division is eligible to retire in the next five years. 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 regulatory changes, and 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 a 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.

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 the multi-layer structure of parties involved, is vital to ensure public safety and confidence in the various payment systems. Training is essential to develop and enhance examiners' skills 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. The Department is working on expanding internal core training materials for MSB examiners. To stay abreast of the ever-changing IT and cybersecurity environment, all MSB examiners and the Director of NDS must attend periodic IT training.

Every MSB examination contains an IT component. The reviews may be limited or expanded, depending on staffing resources and the overall risk of a license holder. Expanded IT reviews are planned and coordinated with the Bank and Trust Supervision Division's IT examination staff or with other state regulatory agencies participating in the examination. Department staff examining MSBs must be knowledgeable of emerging technologies as MSB licensees expand into more innovative

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products and services. The Department will need more experienced IT examiners to assist with these examinations as the complexity of the services provided by MSBs grows.

In addition, the Department will continue to be challenged to identify illegal activities and unlicensed entities doing business with Texans, particularly internet-based companies. Given the continuous growth in and sophistication of MSB licensees, additional experienced staff is required to complete examinations and meet performance goals. Staffing changes due to retirements or resignations and the onboarding of less experienced examiners could strain agency resources. Training costs for NDS examiners could also increase over the next five years as the agency works on expanding core training for less experienced MSB examiners.

PFC and PCC

The Department has increased efficiencies by cross training PFC and PCC examination staff and conducting both on-site and off-site reviews and examinations. The division provides on-the-job training and utilizes the external sources 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 Department will strive to maintain current staffing levels for PFC and PCC examinations. The experience levels are well balanced among these examiners; however, an additional entry-level examiner may be needed should any retirements or turnover occur. If significant staffing changes occur within the PFC and PCC examination group in the next five years, productivity and examination priorities could 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 that 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.

Each state has its own licensing requirements making it challenging for MTs to operate in multiple states. Also, states have varying examination frequency cycles which results in most of the larger multistate MSBs being examined annually by either joint or individual states. To help reduce regulatory burden, 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. The 88th Texas Legislature passed the Money Services

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Modernization Act (Finance Code Chapter 152) which became effective on September 1, 2023. This Act sets out new requirements including a higher minimum tangible net worth which may create challenges for some licensees. The Department will continue to work on implementing the requirements of this model law.

Cryptocurrencies and other digital assets are primarily held by third-party custodial account holders, or digital asset service providers, that facilitate trading and maintain custody of the digital assets. With the passage of House Bill 1666 by the 88th Texas Legislature, digital asset service providers that meet certain conditions are subject to reporting requirements per Chapter 160 of the Finance Code. The Department, through the Finance Commission, will be issuing rules to clarify these requirements. In addition, the Department will work with licensees, industry auditors, and legislators to educate and clarify the requirements of this new law.

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, MSBs are required 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.

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 PFCs is increasing. This trend is expected to continue.

Similar to many other industries, the death care industry has been affected by labor shortages and employee turnover, including funeral directors, embalmers, and administrative staff. Consequently, regulated entities frequently require additional regulatory oversight and supervision to assess compliance deficiencies associated with new employee compliance training.

In the PFC industry, cremations continue to surpass traditional burial rates. This trend is expected to continue. The rise in cremations can be attributed to several factors. The most prevalent 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. The Department must ensure that complete and accurate disclosures of all funeral goods and services purchased are reflected on prepaid funeral contracts. At the federal level, the Federal Trade Commission (FTC) is currently evaluating changes to the Funeral Rule, including the proposed requirement for funeral homes to provide price lists electronically and include the pricelists on any website maintained by the funeral home. While price lists are reviewed at each PFC examination, this action would lead to improved public access to funeral goods and services prices.

In the PCC industry, the income generated from perpetual care trust funds is earmarked for the general maintenance and care of the cemetery. In addition, cemetery profitability continues to be greatly affected by the trend towards cremation and away from traditional burial. Smaller perpetual care cemeteries often struggle to generate sufficient revenue to properly maintain the cemetery or employ sufficient staff to achieve recordkeeping compliance. To assist PCCs with smaller perpetual care trusts,

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funds may be temporarily placed in segregated interest-bearing accounts which provide relief from cost-prohibitive trustee fees. In addition, many small PCCs have been engaged in soliciting donations and volunteers from their community to assist in caring for and maintaining the cemetery property.

These challenges for PFC and PCC industries are expected to continue over the next five years. Department staff will continue to monitor these trends and their impact on PFC and PCC licensees.

Unlicensed and Illegal Activity

The Department continues to monitor for unlicensed money transmission services. With the rise in popularity of digital assets, 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. As such, monitoring for unlicensed money transmission services has required additional resources from the Legal and NDS Divisions. 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. Over the next five years, additional staffing may be needed as MSBs submit license applications resulting from unlicensed activity.

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 issues that may impact consumer contracts or 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, 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.

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- 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 that 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) platform 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.
- 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.

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- 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 entities currently (or formerly) supervised, registered, and licensed by the Department.

Other Considerations

Overview

The Department is entrusted with ensuring the safety of the public's money held by businesses that provide financial services. 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. The Corporate Activities Division processes, evaluates, and acts upon all applications and filings requested by businesses wanting to initiate, expand, or modify financial services for Texans.

Applications and Filings

The strong economy and business-friendly climate in Texas continue to attract companies to the 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 while increasing in 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. Charter conversion activity has been steady. Since the beginning of 2019, there have been 14 conversions of national banks or state savings banks to the Texas commercial bank charter totaling approximately \$22 billion in assets. This trend is expected to continue. Since the 2010s, the number of de novo bank charters issued has been minimal. There were two de novo bank charters issued between 2019 and 2023 with one application in process for 2024. In recent years, 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. The Department has, however, seen an increase in activity related to de novo trust company charters. Since 2019, there have been five de novo trust company charters issued. This application activity is expected to continue. The number of MSB license applications has significantly increased each year and is expected to grow as advances in digital assets for financial services evolve.

Applications focused on business models that integrate traditional banking with services typically provided by MSBs continue to increase. This includes banking models utilizing digital platforms centered around advanced or blockchain technology. The agency anticipates more bank applications

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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, in March of 2022, President Biden issued an Executive Order (EO) on Ensuring the Responsible Development of Digital Assets which outlined the first approach to addressing the risks and potential benefits of digital assets and their underlying technology. Since then, federal agencies have developed frameworks and policy recommendations on how to achieve these priorities. The Department will continue to monitor the effects of this EO and any new guidance or rules to address current and emerging risks.

As mentioned previously in the Non-Depository Supervision Regulation section, digital asset service providers that meet certain requirements must obtain and maintain a MT license. The implementation of this new regulation directly impacts the application process for financial service providers offering or interested in digital assets. In addition, the passage of the Money Services Modernization Act (Texas Finance Code Chapter 152) which became effective on September 1, 2023, sets out new requirements for MSBs that must be considered in the application processes as well. The Department will continue to update processes associated with this law to ensure the safety and soundness of licensed and chartered entities.

Applications to register as a check verification entity are nominal. As of December 31, 2023, two check verification entities were registered with the agency.

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 now participates in the Multistate Money Services Businesses Licensing Agreement Program (MMLA). This program, developed in collaboration with CSBS, is designed to streamline and create efficiencies in the licensing processes for state regulators as well as NMLS users.

Corporate Activities Workforce Challenges

The Department's Corporate Activities analytical 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. As applications become more complicated, the review and analysis involved will need to be expanded. Only recently have staffing levels risen to meet current needs. However, in the next three to five years, 50% of the management and analytical staff are eligible to retire. The loss of knowledgeable and experienced staff due to retirements or resignations could place a significant strain on the activities of this division. Also, additional corporate analysts may be needed to process applications in a timely and thorough manner as the complexity of transactions and business models of entities continue to increase.

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 resources available for professional growth

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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 related to Department-supervised entities in a professional, appropriate, and timely manner.
- Modernize the internal consumer complaint tracking program and enhance reporting.
- 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).
- 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 to support regulatory obligations and operations.
- Utilize technology to streamline processes throughout the agency.
- Complete upgrade of the secure Internet portal for regulated entities and federal counterparts to exchange information with the Department in fiscal year 2025.
- Engage in regular communication with and reporting to the FC.
- Prepare and deliver accurate SDSI agency reports to the Governor and Legislature in a timely manner.
- Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.
- Promote financial education.
- Collaborate, when possible, 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.

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.

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- 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.

- 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.
- Share information and collaborate with the other FC agencies.

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 retain employees and enhance agency effectiveness and 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.

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- Provide an 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 a format compliant with the Americans with Disabilities Act.

Other Considerations

Overview

The Department obtained SDSI status in 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 body that oversees three state agencies: the Department, DSML, and OCC. The budget must be approved by the FC before any expenditure can be authorized. 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 is prohibited from causing the general revenue funds to incur any cost. 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, and adjustments are made to the assessment levels as needed. As noted previously, the Non-Depository Supervision Division will face

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funding challenges if the Department is unable to increase assessments for fiscal year 2025 and beyond. The Department has a proposal to amend §33.27 of the Texas Administrative Code that would give the Commissioner the ability to increase the allowable annual assessments paid by money services businesses to offset the forecasted funding shortfalls.

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 with 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 either the University of Texas (UT) Survey of Employee Engagement or an internally developed survey. Participation levels for the most recent UT survey were above 85%. The Department maintains a Suggestion Box on its intranet for employees to communicate ideas with senior management.

The EAC meets at least annually to discuss survey results, strengths, and weaknesses of the agency and provides appropriate suggestions to executive management to enhance agency operations and the workplace environment. This two-way communication between employees and management is vital when developing and implementing new programs, employee incentives, and improvements in work processes. As a result of the interaction, multiple enhancements have been implemented over the years.

Legal

The Legal Division works with and supports the needs of all divisions within the Department. 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 that are advancing quickly. As such, the Legal Division staff must continue to develop their knowledge of the evolving FinTech industry, including digital assets. According to the Department's March 2024 staffing report, the Legal Division is short staffed and needs to hire three FTEs to reach the authorized staffing level. Retirements and resignations over the past two years have impacted the legal staff workload as they continue to operate with insufficient resources. This trend is likely to continue until staffing levels align with the staffing plan. Currently, the division is evaluating a new technology source that could assist with legal research and ease some of the workload on the legal staff. Over the next five years, the legal staff will be challenged to keep pace with emerging issues for all regulated entities.

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Management Information Systems (MIS)

The Department's MIS Division is responsible for managing, maintaining, and enhancing the Department's enterprise services, applications, networks, and infrastructure to provide secure, consistent, reliable services for stakeholders by promoting and facilitating the adoption and integration of technology. The MIS Division supports various areas with technical support, end-user application support, custom application development, stable and efficient infrastructure, and computer security including security training. Staff members must continue to 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.

An IT Steering Committee, facilitated by the Chief Information Officer (CIO) who reports directly to the Deputy Commissioner in accordance with Government Code §2054.075, sets priorities based on the goals and objectives of the agency. The CIO manages all MIS staff, technology adoption, implementation and related maintenance, and technology policies and procedures.

Over the next five years, the MIS Division plans to implement a series of initiatives in line with the agency's goals and objectives to continue modernizing its services. Emphasis is being placed on modernizing legacy applications and improving the overall security posture while maintaining a balance between value and cost of services. Adopting cloud paradigm models such as distributed databases, container computing, DevOps procedures, and improved security monitoring represent the strategic direction charted.

While MIS will continue to work on modernizing services in the next five years, staff shortages could impact the division as state agencies are at a competitive disadvantage for IT talent because of pay and slow onboarding processes, including a mandated waiting period of sixty days for health coverage, when compared to the private sector. For example, the Department continues to struggle with finding experienced programmers and has been relying on contractors to perform some of the programming needs.

MIS Information Resources Planning

The CIO is primarily responsible for evaluating, adopting, and implementing new technologies while supporting the State Strategic Plan for Information Resource Management. To meet the Department's objectives, the agency must maintain up-to-date computer technology that allows maximum confidentiality, integrity, and availability. This will be accomplished by continuing to update technology, progressing with the transition to web services for all stakeholders, and continuously providing information security training. Furthermore, the MIS Division exercises its contingency plans in connection with the Continuity of Operations Plan (COOP) to ensure services can continue during a disaster or security related event.

The Department's IT Steering Committee and related governance processes ensure efforts are focused on agency goals, resources are prioritized, and a workplan is implemented to support long-term objectives while balancing operations and maintenance responsibilities. Policies and procedures supporting the successful implementation and adoption of technology are continuously refined. The Department's ISO focus is on risk mitigation through policy and procedure compliance, gap and deficiency identification, technology implementation validation, and reporting technology compliance. The Department will continue to devote resources to explore new technologies to improve its efficiency and create a better work environment for its employees.

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Financial Education

The results of the 2021 FDIC National Survey of Unbanked and Underbanked Households illustrate the need for the Department to remain committed to promoting financial education. Although there have been slight improvements in the unbanked households, an estimated 5.6% of Texas households were noted to be unbanked. The survey collects information on bank account ownership; use of prepaid cards and nonbank online payment services; use of nonbank money orders, check cashing, and money transfer services; and use of bank and nonbank credit. According to the survey, Texas has one of the highest percentages of unbanked or underbanked households in the nation. Bankers help Texans in making informed decisions about budget, credit, asset-building, savings, and debt management through financial education.

The Department continues to collaborate with the OCCC to promote financial education initiatives through webinars, some of which are directed toward unbanked communities. In addition, the agency is a member of the FDIC Alliance for Economic Inclusion which promotes financial education initiatives to the public. Collaboration with state and federal agencies will continue for the foreseeable future.

Consumer Assistance

A consumer assistance supervisor oversees and manages 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. Staff in the NDS division investigates consumer complaints related to regulated MSBs, PFCs, and PCCs. In the next five years, increased training covering evolving products and services, such as digital assets, will be necessary.

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 management; and the risk management function. This also includes the collaboration with the other two FC agencies to provide facilities support, 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. The possibility of additional building projects will require additional resources in the procurement area, and the Department must assess the staffing needs to properly administer the program.

Department staff involved in procurement are Certified Texas Contract Developers and Certified Texas Contract Managers. They attend the continuing education made available by the Statewide Procurement Education System to maintain their certifications. Although not required, the newly appointed ISO is scheduled to attend training addressing IT negotiations basics to better understand DIR IT-related contracts and maintain consistent communications between the procurement staff and MIS when purchasing information technology goods and services.

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

Agency Goals and Action Plans

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 to address a wide range of emergencies and events.

CAPPS

The Department transitioned into CAPPS, the single sign-on, web-based source of financial and HR/Payroll information for state agencies. The Department will continue to face the challenge of dedicating resources to ensure thorough business process analysis for new processes and disposition of legacy systems are completed. Training staff on the various aspects of CAPPS will place stress on current resources, and the Department must assess the staffing needs of affected 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 28% of the agency's staff, or 51 employees, will be eligible to retire, including eight who are return-to-work retirees. Approximately 70% of the employees in the five-year period are eligible to retire in 2024. 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 185 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 and must continue to evaluate and adjust its compensation program to hire and retain qualified employees throughout the agency where appropriate.

In addition to the number of potential vacancies due to retirement, the Department also has a total of 37 vacant positions as of March 31, 2024, the majority of which are financial examiners. In 2023, the Department implemented an expanded recruiting strategy to help fill the number of current and expected vacancies. Dedicated Human Resources staff focus on augmenting recruiting efforts. These efforts include engaging in active recruiting through CAPPS Recruit, 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 offers. 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.

As noted in the 2023-2027 Strategic Plan, executive management's structure changed, with a second Deputy Commissioner remaining unfilled since August 2021. Further, senior management has changed significantly in the last two years, with the hiring of a new general counsel and human resource manager. Both individuals have been with the agency for less than one year as of May 2024. Two other division director positions are also vacant, one of which has been vacant since July 2021 and remains unfilled as of May 2024.

One reason the Department struggles with attracting specialized talent, specifically in the Austin area, is the high cost of living. To allow internal employees the opportunity to try a different role prior to committing, the Department opened a few temporary assignments for specialized positions located in Austin in 2024. The hands-on experience enables staff to determine if the work and career change is a good fit before committing to the position.

Agency Goals and Action Plans

As a smaller state agency, the opportunities for career advancement of the administrative staff are limited, and turnover of the administrative staff remains an issue for the agency. Turnover causes more of the agency's staffing to be directed at achieving the primary mission, and as a result, secondary and tertiary goals suffer. Additionally, the agency is aware that the Texas economy and the increased competition for skilled workers may be attractive to Department personnel due to higher salaries.

To lessen the impact of these foreseeable vacancies and prepare for a shift in leadership, the Department continues its focus 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 the duties of senior managers;
- Utilizing Supervisor Evaluations to provide employees with a feedback mechanism and increasing the effectiveness of the supervisory staff;
- Attending management development courses sponsored by the Government Center for Management Development;
- Involving staff in special projects and participating in committees with organizations outside of the Department; and
- Utilizing 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. The Department has adapted to the changing workforce and has worked to improve the work-life balance aspect of the job, including conducting examinations in a hybrid model, allowing some personnel to work remotely, reducing travel and commuting time. Some personnel have resigned citing the ability to permanently work from home as the primary factor in accepting new employment. Although more employers are asking employees to return to the office post pandemic, the financial services industry continues to be challenged with talent wanting jobs which offer work at home on a more permanent basis.

In addition, the Department will need to find more ways to use automation to make processes more efficient and continue striving 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.

Agency Goals and Action Plans

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 must continue to conduct comprehensive compensation studies for all staff. The study must encompass market salary data analysis, compensation system design, internal and external alignment solutions, identification of career paths, and an effective total compensation program and communication plan to provide transparency for employees. Since the last study, private sector salaries have risen due to labor shortages and the high cost of living in and around Texas.

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 85th 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 are in communication with the Texas Department of Motor Vehicles and TxDOT regarding the parcel on the Camp Hubbard campus and a letter of intent for the purchase of the four-acre parcel was provided after receiving the Environmental Site Assessments. The FC agencies and TxDOT will collaborate to implement a final agreement for the Camp Hubbard parcel.

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 86th Legislature, Regular Session 2019, the agencies received authorization from the Office of the Governor in March 2023 to increase the reserves for long-term planning, consistent with the December 2021 action of the FC. Additional authorizations for the project will be needed from the Office of the Governor in the future.

Sunset Review

The Department was evaluated by the Texas Sunset Advisory Commission during their 2018 - 2019 review cycle, as required by the Texas Sunset Act. The 86th Legislature 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.
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	None.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	None.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	None.

SCHEDULE A

Budget Structure

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

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 2029:

- 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

- 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

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

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

EFFICIENCY MEASURES

- Bank and Trust Division cost per million in assets regulated.
- Assets examined per examiner day (in millions).

EXPLANATORY MEASURES

- 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

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 2029:

- 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

- 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

- Number of Non-Depository Supervision licensees examined.

EFFICIENCY MEASURE

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

EXPLANATORY MEASURE

- 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

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

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

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

STRATEGIES

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

- 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

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

- 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

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

- Number of written complaints closed.

SCHEDULE A

Budget Structure

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SCHEDULE B

Performance Measure Definitions

GOAL: EFFECTIVE BANK AND TRUST REGULATION
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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 all commercial examinations started and completed by the Department of Banking, FDIC, or FRB into the Department's database. 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 all FBO examinations performed by the Department of Banking or FRB, whether joint or independent into the Department's database. 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

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 all trust company examinations performed by the Department of Banking into the Department's database. 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 rating information about the condition of each bank after an examination is completed by the Department of Banking, FDIC, or the FRB into the Department's database. 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 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

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 all bank examinations conducted by the Department of Banking, FDIC, or the FRB into the Department's database. 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 or an increase in problem banks which would require a more frequent examination cycle.

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, Bank Holding Company, and Information Technology (IT) Examinations and Other Specialized Reviews Performed**

Definition

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

Purpose

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

Data Source

Bank and Trust Division staff enters all foreign bank organization examinations, trust company, trust department, bank holding company, and IT examinations and other specialized reviews conducted by the Department of Banking, FDIC, or the FRB into the Department's database. 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 and other specialized reviews.

Data Limitations

The number of examinations could significantly decrease in the event of (1) A significant change in services or powers that could necessitate expanded examination time periods in order to fully investigate these new activities; (2) An inability of the federal banking authorities to meet their examination responsibilities due to a reallocation of personnel to other priorities; and (3) 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 or an increase in problem banks which would require a more frequent examination cycle.

New Measure

No

Calculation Method

Cumulative

Target Attainment

Higher than target

SCHEDULE B

Performance Measure Definitions

Efficiency Measure: 01-01.08 Bank and Trust Division Cost per Million in Assets Regulated

Definition

Total Bank and Trust Division costs expressed as a ratio of the total state-chartered bank assets as of the reporting period (in millions).

Purpose

To assist in review of the efficiency of the Department's Bank and Trust operations.

Data Source

Bank and Trust Division expenses are derived from the Department's accounting system. Total assets are based on the most recent calendar quarter-end.

Methodology

The total Bank and Trust expenses at end of the reporting period are divided by the total assets of all state-chartered banks as of the reporting period (in millions).

Data Limitations

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

Yes

Calculation Method

Noncumulative

Target Attainment

Higher 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.

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 many of our regulated entities. Further, 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 rating information about the condition of each bank after an examination is completed by the Department of Banking, FDIC, or the FRB into the Department's database. 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 that 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

GOAL: EFFECTIVE REGULATION OF NON-DEPOSITORY SUPERVISION LICENSEES

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

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

GOAL: EFFECTIVE AND EFFICIENT OPERATIONS COMPLIANT WITH STATE LAWS

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 will incur additional costs associated with hiring new staff; these costs include conducting interviews, checking references, and training, among others. Retention of qualified staff, or lack thereof, can impact productivity and performance.

Data Source

Data is derived from databases administered by Human Resources. The hire date and separation date are entered into the applicable databases 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

No

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 will incur additional costs of hiring new staff; these costs include conducting interviews, checking references, and training, among others. Retention of qualified staff, or lack thereof, can impact productivity and performance.

Data Source

Data is derived from databases administered by Human Resources. The hire date and separation date are entered into the applicable databases 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

No

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

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 2023	Agency FY 2022	Agency FY 2021	Agency FY 2020
Professional Services Contracts	23.7%	100%	81.14%	89.05%	100%
Commodities Contracts	21.1%	68.87%	48.25%	81.68%	63.37%

SCHEDULE C
Historically Underutilized Business Plan

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WORKFORCE PLAN

Fiscal Years 2025-2029



Texas Department of Banking
June 2024

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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 employ 220 full-time equivalent (FTE) employees and as of March 31, 2024, it employed 184 individuals, the majority of whom are financial examiners. The Bank and Trust Supervision Division is staffed with 94 field examiners and the Non-Depository Supervision Division is staffed with 16 field examiners. As of March 31, 2024, there are 24 vacant field financial examiner positions.

The Department has worked diligently to reduce turnover and must continue its efforts to sustain a qualified workforce. Changes in the labor market along with the resignation trends in 2022 and 2023, heightened the importance of monitoring turnover and employee satisfaction.

Historically, industry crises highlighted the need to retain well-trained and tenured staff to provide appropriate regulatory supervision during adverse events such as an economic downturn. The Department must be well positioned to handle these potential 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 has had the ability to reasonably adjust salaries to remain competitive.

Offering competitive employment incentives and career opportunities remains a priority. Flexible work weeks and work-at-home options are requested benefits from staff and applicants for employment. The Department works under a hybrid workforce model that allows for some work at home opportunities. Though the travel burden cannot be fully eliminated, the Department continually searches for avenues to reduce the amount of overnight travel and related staff turnover. With that goal, the Department has implemented technological improvements in the agency's infrastructure over time, such as increased network bandwidth, information sharing through the secure data exchange portal, and the use of Microsoft Teams to enhance the Department's information exchange capabilities, complementing the hybrid work model. In addition, leveraging technology such as the enhanced imaging methods used by regulated entities has allowed examination staff to access required documents for off-site review, further contributing to a reduction in travel.

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

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Examiner I upon graduation, contingent on positions being available and the student's ability to meet the minimum qualifications for the position.

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).

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- Research and report on changing industry, statutory, and economic conditions, 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.
- 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.
- 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 by utilizing electronic examination tools and the Department's secure data exchange portal to share information with regulated entities and federal counterparts.
- Improve the 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 for evaluating risks and risk management practices of our regulated entities.
- Provide regulatory and supervisory information through the agency's website.
- Maintain accreditation status by CSBS.

Goal: Effective Regulation of Non-Depository Supervision Licensees

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

Actions Required to Achieve Goal

- Conduct Money Services Business (MSB), Prepaid Funeral Contract (PFC), and Perpetual Care Cemetery (PCC) examinations, in conformance with the Department's examination priority schedule and in a thorough, accurate, coordinated, and timely manner. MSB examinations are conducted either independently or jointly with other state regulatory entities, or in cooperation with federal regulatory entities.
- Maintain contact with and monitor the condition of regulated entities between examinations.
- Monitor fluctuations in economic conditions, 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), Money Transmitter Regulators Association (MTRA), and 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's multi-state networked supervision system conserves Department resources and minimizes the regulatory burden on supervised entities while achieving our objectives.
- Collaborate and coordinate with MSB regulators in other states in the implementation of the Model Money Transmission Modernization Act (Model Law).
- Collaborate with stakeholders, industry auditors, and legislators in the implementation of the Digital Assets Service Provider laws passed by the 88th Texas Legislature in 2023.
- Optimize efficiencies in the examination process utilizing electronic examination tools and the secure data exchange portal to share information with regulated entities and other state regulators.
- Research, monitor, and report on changes to the industry, including statutory and economic conditions, and digital assets market evolutions. Develop appropriate supervisory strategies to adapt to these changes.
- Monitor the impact of potential federal legislation on licensed money transmitters 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 illegal activities.
- Ensure proper enforcement actions are issued against unlicensed entities to bring such establishments into compliance with rules and regulations.

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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.

Goal: Effective Regulation Through Corporate Activities

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

Actions Required to Achieve Goal

- Process all filings in a timely and thorough manner while adhering to the principle of providing Texans with access to convenient and competitive financial services operating in a safe and sound manner.
- Optimize efficiencies in the application process by enhancing automated systems, where possible, to improve the quality and speed of information exchanged internally and between the Department, its stakeholders, applicants, and the various federal and state agencies that we partner with to process applications.
- Reduce dependencies on 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.

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 related to Department-supervised entities in a professional, appropriate, and timely manner.

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- Modernize the internal consumer complaint tracking program and enhance reporting.
- 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).
- 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 to support regulatory obligations and operations.
- Utilize technology to streamline processes throughout the agency.
- Complete upgrade of the secure Internet portal for regulated entities and federal counterparts to exchange information with the Department in fiscal year 2025.
- Engage in regular communication with and reporting to the FC.
- Prepare and deliver accurate SDSI agency reports to the Governor and Legislature in a timely manner.
- Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.
- Promote financial education.
- Collaborate, when possible, 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.

Anticipated Changes

- Specialized staff and training are necessary to assess chartered and licensed entities procedures and preparedness to prevent cybersecurity attacks.
- Financial technology continues 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 in areas related to digital asset technology.
- 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.

Current Workforce Profile (Supply Analysis)

Critical Workforce Skills

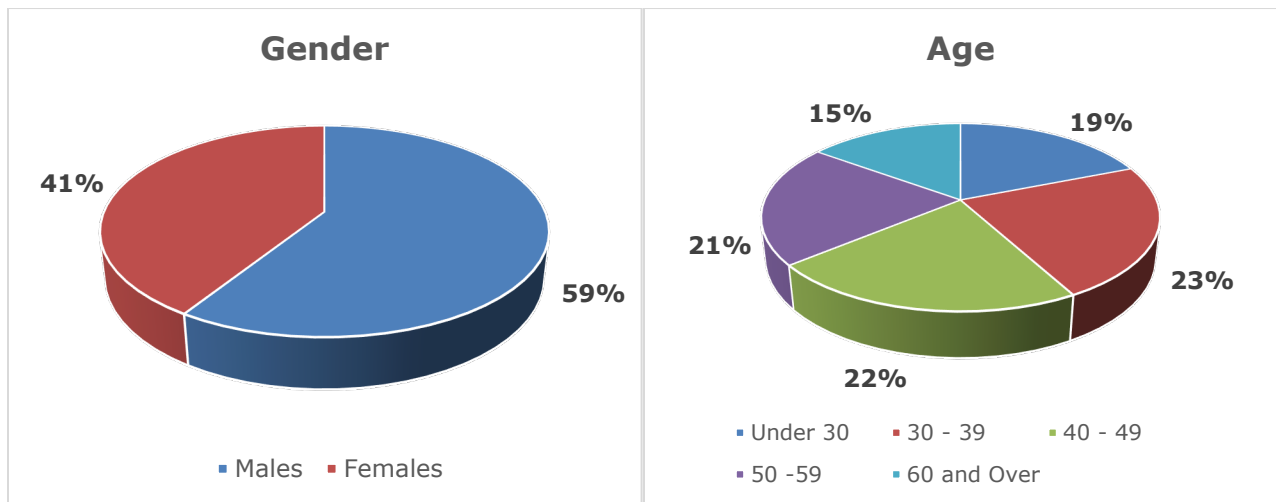
Several critical skills are vital to maintaining the Department’s ability to operate effectively and efficiently. Without these, the Department could not provide basic business and regulatory functions.

These skills include:

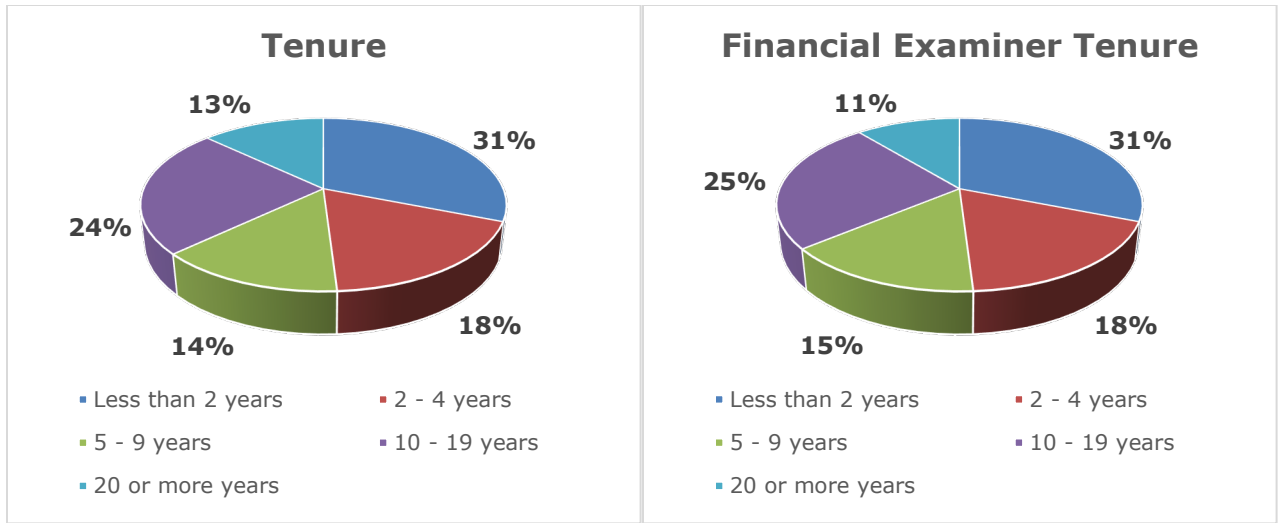
- Financial examination and regulatory experience.
- Specific regulatory expertise in capital markets, model risk management, trust operations, BSA/AML compliance, MSB activities, investigations, digital assets, and corporate governance.
- Customer service expertise.
- Information technology and cybersecurity 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.

Workforce Demographics

The following chart profiles the Department’s workforce (as of March 31, 2024) of 184 individuals, which includes both full and part-time employees. The workforce is comprised of 59% males and 41% females. Approximately 58% of employees are over the age of 40 and approximately 31% have five years or less of Department service. Approximately 55% of financial examiners have less than five years of Department experience.



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Department Workforce by Job Category

The following table compares the percentages of African American, Hispanic American, Female and Male Department employees, to the Statewide Civilian Workforce as reported by the Texas Workforce Commission’s (TWC) Civil Rights Division (Civilian labor force data is from the Equal Employment Opportunity (EEO) report FY 2021-2022).

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.

Workforce Demographics by Job Category – FY 2023								
Job Categories	African American		Hispanic		Female		Male	
	% DOB*	% TWC	% DOB	% TWC	% DOB	% TWC	% DOB	% TWC
Officials / Administrators	0.0%	12.9%	14.3%	16.2%	28.6%	57.2%	71.4%	42.8%
Administrative Support	6.3%	18.3%	6.3%	33.7%	93.7%	81.6%	6.3%	18.4%
Professionals	10.1%	11.5%	30.5%	17.8%	38.9%	58.5%	61.1%	41.5%
Technicians	11.1%	17.6%	44.4%	28.2%	0.0%	58.3%	100.0%	41.7%

Statewide Civilian Workforce Composition, 2022 1-year PUMS file from the American Community Survey (ACS), U.S. Census Bureau.

*DOB – Department of Banking

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Employee Turnover

Overall Agency Turnover

Overall turnover has fluctuated over the last five fiscal years but has been consistently lower than the State Turnover Rate. Excluding retirements, the overall turnover rate for FY 2022 was 18.3% and FY 2023 was 15.1%.

Due to the increase in external job opportunities and tenured employees entering retirement, retention efforts have become more challenging. The Department must remain vigilant in researching and refining retention methods, especially as the job market continues to change, as well as continue implementing succession planning for the replacement of retiring employees.

Five Year Turnover		
Fiscal Year	Department Turnover Rate	State Turnover Rate
FY 2023	15.1%	18.7%
FY 2022	18.3%	22.7%
FY 2021	13.2%	21.5%
FY 2020	10.7%	18.6%
FY 2019	12.3%	20.3%

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

All Employee Turnover by Length of State Service – FY 2023				
Years of Service	# of All Department Employees	% of All Department Employees	% of Department Employee Turnover	% of State Turnover
Less than 2 years	28.0	16.0%	25%	39.8%
2 – 5 years	28.5	16.3%	15.6%	16.8%
5 – 10 years	22.5	12.9%	25%	10.1%
10 – 15 years	28.0	16.0%	12.5%	9.7%
15 – 20 years	24.5	14.0%	3.1%	9.3%
20 years and over	43.0	24.6%	18.8%	15%

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

Agency Turnover by Gender & Ethnicity

For FY 2023, the Department was comprised of 174.50 total employees. The charts below depict the turnover rate for gender and ethnicity for FY 2023.

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All Agency Turnover by Gender – FY 2023

Years of Service	# of Employees	% of Employees	% of Turnover
Male	108.5	62.2%	14.7%
Female	66	37.8%	24.2%

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

Agency Turnover by Ethnicity – FY 2023

Ethnic Category	# of Employees	% of Employees	% of Turnover
Asian	4.50	2.6%	0%
African American	16.25	9.3%	6.2%
Hispanic	51.75	29.7%	13.5%
Two or More Races	1.75	1%	57.1%
White	100.25	57.4%	22.9%

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 years of employment. This requires a substantial monetary commitment by the Department.

As of August 31, 2023, 50% of financial examiners had tenure of less than ten years of state service. This group constitutes 62.4% of the financial examiner turnover for FY 2023. As of March 31, 2024, 88% of financial examiner turnover was for staff that had less than ten years of state service.

Financial Examiner Turnover by Length of State Service

Years of Service	# of Financial Examiners FY 23	% of Financial Examiners FY 23	% of Financial Examiner Turnover FY 23	# of Financial Examiners FY 24*	% of Financial Examiner Turnover FY 24*
Less than 2 years	21.50	17.8%	12.5%	35.0	37.5%
2 – 5 years	22.00	18.2%	18.7%	20.0	37.5%
5 – 10 years	16.75	13.9%	31.2%	16.0	12.5%
10 – 15 years	23.75	19.7%	25%	23.5	0%
15 – 20 years	18.00	14.9%	6.3%	15.0	12.5%
20 years and over	18.75	15.5%	6.3%	20.0	0%

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

*FY 2024 data as of March 31, 2024

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Non – Financial Examiner Turnover

For FY 2024, through March 31, 2024, a majority of the turnover amongst non-examiner employees has been those employees with more than fifteen years of service. In FY 2023, the majority of non-examiner staff resignations were those with less than two years of service.

Non – Financial Examiner Turnover by Length of State Service					
Years of Service	# of Non-Examiner Employees FY 2023	% of Non-Examiner Employees FY 2023	% of Non-Examiner Turnover FY 2023	# of Non-Examiner Employees FY 2024*	% of Non-Examiner Turnover FY 2024*
Less than 2 years	6.50	12.1%	37.5%	10.0	16.6%
2 – 5 years	6.50	12.1%	12.5%	5.5	16.7%
5 – 10 years	5.75	10.7%	18.7%	4.5	0%
10 – 15 years	4.25	7.9%	0%	4.0	0%
15 – 20 years	6.50	12.1%	0%	9.0	16.7%
20 years and over	24.25	45.1%	31.3%	21.0	50%

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

**FY 2024 data as of March 31, 2024*

Retirement Eligibility and Return to Work Retirees

Management succession planning will continue to be a significant priority over the next five years, as approximately 28% of the agency’s staff, or 51 employees, will be eligible to retire, including eight who are return-to-work retirees. Approximately 70% of the employees in the five-year period are eligible to retire in 2024.

As of March 31, 2024, 18% of the Bank and Trust Division staff and 24% of the Non-Depository Supervision Division staff are eligible to retire or are return to work retirees who may leave at any time in 2024. This overall anticipated loss of knowledge and expertise from so many potential retirees is a primary concern for the Department.

For FY 2023, only 9.68% of the turnover for the Department was due to retirement, however, this is expected to increase over the next biennium.

Veteran Workforce

The 84th 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.

As reflected on FY 2024 second quarter Veterans Workforce Summary, veterans represent 5.55% of the Department’s workforce. The Department continues to work to increase our veteran workforce through competitive recruitment and selection processes.

Future Workforce Profile (Demand Analysis)

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.

Critical Functions

- 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 with regulatory experience 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.

Expected Workforce Changes

- Increased use of technology to maximize efficiency.
- Post pandemic standardization of telecommuting and remote work schedules that increase in office time.
- 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.

Anticipated Increase in Employees Needed

- Number of new MSBs with more complex business plans and organizational structures licensed by the Department continues to increase.

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- 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.
- Increase in need to replace tenured employees that are retirement eligible.

Future Workforce Skills Needed

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

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

GAP Analysis

Five Year Vacancy History

Vacancies	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
All Staff	16	14	31	32	32
Financial Examiner	10	10	17	23	16

Succession Planning, Retention and Recruiting

Historically, the agency has experienced high turnover with financial examiners within the first five years of employment, leaving a void in the number of examiners qualified to become mid-level examiners. This mid-level workforce gap has been difficult to fill given that there are so few applicants for mid-level positions which require a certain level of skills and experience. This is creating a “bar bell” effect in financial examiner staffing levels. The need to recruit mid to senior level examiners or promote internally is vital in order level out staffing amongst the financial examiner classifications. Further, senior management continues to face the challenges of having a high number of well-tenured financial examiners eligible to retire over the next five years and a shortage of mid-level examiners available to take their place once they retire.

Financial Examiner Staffing by Classification – March 31, 2024

Classification	# of Financial Examiners	% of Financial Examiners
Financial Examiner I	28	22%
Financial Examiner II	11	9%
Financial Examiner III	16	12%
Financial Examiner IV	8	6%
Financial Examiner V	7	5%
Financial Examiner VI	16	12%
Financial Examiner VII	23	18%
Financial Examiner VIII	21	16%

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

Additionally, the Department struggles with attracting specialized talent in the Austin area due to the high cost of living and related moving expenses. To allow internal employees the opportunity try a different role prior to committing, the Department opened a few temporary assignments for specialized positions located in Austin in 2024. The hands-on experience enables staff to determine if the work and career change is a good fit before committing to the position. As a smaller state agency, the opportunities for career advancement of the administrative staff are limited, and turnover of the administrative staff remains an issue for the agency.

To address the current and potential vacancies, the Department implemented an expanded recruiting strategy in 2023. Dedicated Human Resources staff focused on augmenting recruiting efforts, including

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engaging in active recruiting through CAPPS Recruit, 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. In addition, Bank and Trust staff began conducting presentations to universities with banking school programs.

Although efforts to hire experienced examiners from external sources have not been productive, the Department has been successful in attracting talent for entry level financial examiner positions. To provide the new hires an opportunity for career development and advancement earlier in their career, an intense training program was implemented in June 2023. The internal training program is expected to shorten the timeframe for commissioning financial examiners and improve efficiencies and employee retention.

Retaining employees and encouraging them to make employment with the agency a career is critical to the Department’s success. The Department has adapted to the changing workforce and has worked to improve the work-life balance aspect of the job, including conducting examinations in a hybrid model when appropriate, allowing some personnel to work remotely to reduce travel and commute time. In the future, the Department will need to find more ways to use automation to make processes more efficient and continue striving for salaries that are comparable to FDIC counterparts.

Over the next five years, the Department will continue to focus on recruiting and retention efforts.

Anticipated Shortage/Surplus of Employees

- Recruiting experienced examiners is a significant challenge.
- Executive management retirements within the next five years will require cross training of senior staff members to allow for continuity during the transitional 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.
- Legislative mandates associated with digital assets may require additional staff to properly regulate entities offering these products.
- 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.
- The Department anticipates a loss of knowledge and skills due to retirements in the next five years.
- 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.

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Gap Analysis

The Department’s analysis of the current FC approved FTEs and anticipated workforce needs are presented in the chart below.

Gap Analysis – March 31, 2024															
Division	Executive			Professional			Technical			Administrative			Total		
	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap
Executive/Admin	3	3	0	1	1	0	0	0	0	2	2	0	6	6	0
Legal	0	0	0	7	7	0	0	0	0	2	2	0	9	9	0
Admin Services	0	0	0	7	7	0	0	0	0	0	0	0	7	7	0
Human Resources	0	0	0	4	4	0	0	0	0	0	0	0	4	4	0
IT	0	0	0	1	1	0	10	10	0	0	0	0	11	11	0
Division of Strategic Support	0	0	0	5	5	0	0	0	0	4	4	0	9	9	0
Corporate Activities	0	0	0	6	6	0	0	0	0	2	2	0	8	8	0
Bank Supervision	0	0	0	104	127	23	0	0	0	6	6	0	110	133	23
Foreign Bank Supervision	0	0	0	1	2	1	0	0	0	0	0	0	1	2	1
Trust Company / Department Supervision	0	0	0	12	12	0	0	0	0	0	0	0	12	12	0
IT Examinations	0	0	0	16	21	5	0	0	0	0	0	0	16	21	5
PFC / PCC	0	0	0	9	9	0	0	0	0	2	2	0	11	11	0
MSB	0	0	0	15	16	1	0	0	0	1	2	1	16	18	2
Total Dept of Banking	3	3	0	188	218	30	10	10	0	19	20	1	220	251	31

Strategy Development

Gap: Current employees need additional training to gain and retain critical skills.

Goal: Develop a competent, well-trained workforce.

Rationale: 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 state and 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.

Action Steps:

- Identify skills required to meet changes that have occurred and are anticipated in the financial services industries.
- Revise core training programs to include new technologies and products, such as cryptocurrency.
- 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.
- Continue to refine and improve succession planning.
- Develop a knowledge transfer strategy that includes documenting processes, steps, dates, relationships, players, contacts, forms, and files.
- Institute checklists, flowcharts, reference guides, and job pairing to provide easy to access resources.

Gap: Attracting and retaining talented employees.

Goal: Become an employer of choice.

Rationale: 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.

Action Steps:

- Continue efforts to maintain examiner salaries comparable to the FDIC salaries.
- Work in partnership with universities to recruit through job fairs and internship programs.
- Continue and develop the current internship program. Expand program to more universities.
- Continue to offer flexible work schedules and telework options.
- Continue to mitigate travel exposure with alternative work methods and technology.

SCHEDULE F: Agency Workforce Plan

- Provide training in specialized areas related to the examination process.
- 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.
- Formalize a program for cross-training by exposing field staff to administrative, research, and other support duties.
- Develop strategies to attract qualified individuals to professional positions (attorneys and accountants) in the Department headquarters office.

Gap: Leadership Development

Goal: Through our annual performance appraisal process, identify potential employees for succession to Director positions.

Rationale: 62% of current Directors are eligible to retire within the next five years.

Action Steps:

- Identify the knowledge, skills, and abilities of current successful leadership positions.
- Identify high potential staff that possess or could more readily acquire the necessary abilities and knowledge.
- Continue to provide training, experience, or job shadowing on assignments.
- 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.
- Provide opportunities for mid-level managers to attend management training programs.

REPORT ON CUSTOMER SERVICE

Excellent

Superb

Great Service

I'm Happy

Ideal

Impressive

Recommended

Five Stars

Top Notch

High Quality



Strategic Plan
Fiscal Years 2025-2029

June 2024

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 or licensed by the state: state-chartered banks, state-chartered trust companies, and foreign bank organizations.	Examinations
Bank and Trust Consumer Assistance	Customers of entities chartered or licensed 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 and 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 reaccredited in 2018. It is important that the quality of our examination and supervision staff, their experience level, training, and technological resources are comparable to our federal counterparts to ensure 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 bank 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 its Money Services Businesses Accreditation from CSBS, demonstrating that the NDS division maintains policies, procedures, operations, and staffing to effectively examine and supervise MSBs, including multi-state supervision. 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 conduct 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 actively participating in the development and updating of the Money Transmitter Regulators Association (MTRA) uniform examination procedures and practices, and 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. The Department actively promotes initiatives such as the CSBS's One Company, One Exam (OCOE), both as a lead state, in-charge of joint examinations, and as a participating state in joint examinations. OCOE's goal is to have one multistate examination of an MSB per calendar year to reduce redundancies.

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. The 88th Texas Legislature passed a version of the Model Law, referred to as the Money Services Modernization Act, which was effective September 1, 2023. In addition, the legislature passed a bill relating to the commingling and maintenance of funds by digital asset service providers to ensure consumer funds are secure and protected.

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 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 8, 2024, and February 9, 2024, for regulatory activity that occurred during 2023.

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

Surveys were sent to 249 regulated entities. The Department received 77 responses or 31% of the survey population.

Money Services Businesses Licensees – Surveyed since 1997

Survey requests were sent to 195 regulated MSBs. Twenty-seven responses were received, accounting for 14% of the total number of licensees.

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

Survey notices were sent to 314 PFCs and PCCs. Fifty-three responses were received, accounting for approximately 17% of the total number of licensees.

Commissioner’s Bank 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 2024 as prescribed by the Legislative Budget Board and Office of the Governor. Invitations were sent to 212 consumers who have interacted with the Department since September 2021. Of those invited to participate, 8.0% responded with 17 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, PFC sellers, 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 2022 to August 2023.

Banks, Trust Companies and Foreign Bank Organizations

For fiscal year 2023, 69 surveys were mailed and four were returned, for a 6% response rate.

Money Services Businesses

For fiscal year 2023, 107 surveys were mailed to consumers and seven responses were received, for a 7% response rate.

Prepaid Funeral Contract and Perpetual Care Cemeteries

For fiscal year 2023, 52 surveys were mailed to consumers and five responses were received, for a 10% 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. Since September 2021, the Department has not received any REF requests related to the Uniform Financial Institutions Ratings assigned at an examination.

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 seller. Insiders can use the Ask a Question form on the Department's [website](#) or mail their report.

Consumer Assistance Rules and Agency 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 jurisdictional reports related to consumer assistance efficiency 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 212 invitations sent to bank and trust and non-depository consumers who interacted with the consumer assistance staff since September 2021, only 17 respondents participated. The electronic survey did not incur any additional costs to the agency.

The overall results were favorable as 58% of respondents were satisfied with the complaint process and handling. Overall, 64% were satisfied with the agency, 18% were dissatisfied, and 18% were neutral or shared no opinion. Survey results for 2023 show significant improvement compared to 2021. Generally, survey responses reflect a lower rate of dissatisfaction when the outcome is in favor of the complainant.

*Customer Service Survey – Fiscal Years 2022 -2023
 Constituents Offered Consumer Assistance*

Reflects summary responses from 17 surveys received or 8% of the 212 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	2	12%
Unsatisfied	2	12%
Neutral	2	12%
Satisfied	0	0%
Very Satisfied	5	29%
N/A – Not Applicable	6	35%
Total	17	100%

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	1	6%
Unsatisfied	1	6%
Neutral	3	18%
Satisfied	3	18%
Very Satisfied	6	35%
N/A – Not Applicable	3	18%
Total	17	100%

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	1	6%
Unsatisfied	1	6%
Neutral	3	18%
Satisfied	4	24%
Very Satisfied	6	35%
N/A – Not Applicable	2	12%
Total	17	100%

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	0	0%
Unsatisfied	1	6%
Neutral	3	18%
Satisfied	5	29%
Very Satisfied	5	29%
N/A – Not Applicable	3	18%
Total	17	100%

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	1	6%
Unsatisfied	2	12%
Neutral	2	12%
Satisfied	4	23%
Very Satisfied	6	35%
N/A – Not Applicable	2	12%
Total	17	100%

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	0	0%
Unsatisfied	1	6%
Neutral	5	29%
Satisfied	2	12%
Very Satisfied	5	29%
N/A – Not Applicable	4	23%
Total	17	100%

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

Very Unsatisfied	0	0%
Unsatisfied	1	6%
Neutral	4	24%
Satisfied	2	12%
Very Satisfied	3	18%
N/A – Not Applicable	7	41%
Total	17	100%

8. Please rate your overall satisfaction with the agency.

Very Unsatisfied	0	0%
Unsatisfied	3	18%
Neutral	2	12%
Satisfied	4	23%
Very Satisfied	7	41%
N/A – Not Applicable	1	6%
Total	17	100%

Analysis and Results of Bank and Trust Company Surveys

Rate the Department Analysis

The Department received 77 responses from 249 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. Over 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 Bank Examination Survey Analysis

For fiscal year 2023, 181 surveys were mailed, and 116 responses were received for a 64.1% response rate. In fiscal year 2022, 199 surveys were mailed, and 143 responses were received for a 71.9% 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 – 2023

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 9, 2024. 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?

62 Respondents provided their name (optional)

2. The regional office that directly supervises your institution?

Dallas	24	31%
Houston	21	27%
Lubbock	18	24%
San Antonio	14	18%
Total	77	100%

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	51	66%
No	26	34%
Total	77	100%

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

Strongly Agree	40	73%
Agree	15	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	55	100%

5. How could the program be improved?

20 Responses

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

Strongly Agree	24	32%
Agree	51	66%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	1	1%
Total	77	100%

7. Regional office staff is generally accessible.

Strongly Agree	43	56%
Agree	31	40%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	4%
Total	77	100%

8. Headquarters staff is generally accessible.

Strongly Agree	40	52%
Agree	33	43%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	5%
Total	77	100%

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

Strongly Agree	36	47%
Agree	38	49%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	4%
Total	77	100%

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

Strongly Agree	35	45%
Agree	37	48%
Disagree	2	3%
Strongly Disagree	0	0%
No Opinion	3	4%
Total	77	100%

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

Strongly Agree	32	42%
Agree	39	51%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	5	6%
Total	77	100%

12. Was your last examination completed using the Department's hybrid examination process with work completed both onsite and offsite? If yes, the examination by the was completed effectively.

Strongly Agree	24	31%
Agree	41	53%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	1%
N/A	11	15%
Total	77	100%

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

Not Cumbersome	37	48%
Somewhat Cumbersome	28	36%
Very Cumbersome	3	4%
No Opinion	9	12%
Total	77	100%

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

Yes	67	87%
No	10	13%
Total	77	100%

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

Very Beneficial	28	36%
Somewhat Beneficial	30	39%
Not Beneficial	4	5%
No Opinion	15	20%
Total	77	100%

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	74	96%
No	3	4%
Total	77	100%

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

25 Responses

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

30 Responses

19. Other suggestions or comments regarding communication and correspondence.

24 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	22	29%
No	53	71%
Total	75	100%

21. The Corporate Division is generally accessible.

Strongly Agree	13	41%
Agree	13	41%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	5	15%
Total	32	100%

22. Responses are generally timely.

Strongly Agree	12	39%
Agree	13	42%
Disagree	2	6%
Strongly Disagree	0	0%
No Opinion	4	13%
Total	31	100%

23. The content and substance of responses are appropriate.

Strongly Agree	15	50%
Agree	10	33%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	4	14%
Total	30	100%

24. The Corporate staff handles my affairs professionally.

Strongly Agree	16	53%
Agree	10	33%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	14%
Total	30	100%

25. The process of handling requests is efficient.

Strongly Agree	13	43%
Agree	13	43%
Disagree	1	3%
Strongly Disagree	0	0%
No Opinion	3	11%
Total	36	100%

26. Requests for information are reasonable.

Strongly Agree	13	43%
Agree	13	43%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	14%
Total	30	100%

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

Strongly Agree	6	19%
Agree	14	45%
Disagree	0	3%
Strongly Disagree	0	0%
No Opinion	11	36%
Total	31	100%

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

Strongly Agree	7	23%
Agree	11	35%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	13	42%
Total	31	100%

29. Other suggestions or comments regarding the corporate division.

4 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	4	5%
No	69	95%
Total	73	100%

31. The Legal Division is accessible.

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
Total	10	100%

32. Responses are generally timely.

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
Total	10	100%

33. The content and substance of responses are appropriate.

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
Total	10	100%

34. The Legal staff handles my affairs professionally.

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
Total	10	100%

35. The process of handling requests is efficient.

Strongly Agree	3	30%
Agree	3	30%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	40%
Total	10	100%

36. Requests for information are reasonable.

Strongly Agree	3	30%
Agree	2	50%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	50%
Total	10	100%

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

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

38. Other suggestions or comments regarding the legal division.

2 Responses

OVERALL DEPARTMENT EFFECTIVENESS

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

Strongly Agree	44	62%
Agree	26	37%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	1%
Total	71	100%

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

Strongly Agree	44	62%
Agree	27	38%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	71	100%

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	30 42%	37 52%	0 0%	0 0%	6 6%
Corporate Activities Bulletin	24 34%	37 52%	0 0%	0 0%	10 14%

42. List any suggestions for improving agency publications.

8 Responses

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

Strongly Agree	14	20%
Agree	43	61%
Disagree	1	1%
Strongly Disagree	0	0%
No Opinion	13	18%
Total	71	100%

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

None	5	7%
1 to 10	50	70%
11 to 20	13	18%
21 to 50	3	5%
51+	0	0%
Total	71	100%

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

16 Responses

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

10 Responses

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

10 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?

18 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.	2 14%	7 50%	0 0%	0 0%	5 36%
The issue was handled in a professional manner.	3 23%	6 46%	0 0%	0 0%	4 31%
The Department's findings were based on a logical interpretation of applicable law.	3 23%	4 31%	0 0%	0 0%	6 46%
The Department's suggestion for resolving the matter was reasonable.	3 21%	6 43%	0 0%	1 7%	4 29%

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

Strongly Agree	11	26%
Agree	26	62%
Disagree	1	2%
Strongly Disagree	1	2%
No Opinion	3	8%
Total	42	100%

51. Other suggestions or comments regarding overall Department effectiveness.

10 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.

8 Responses

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

4 Responses

Commissioner's Bank Examination Survey
Comparison 2022 to 2023
181 mailed in 2023,199 mailed in 2022

116 Responses or 64.1% Response Rate - 2023
 143 Responses or 71.9% Response Rate - 2022

CONSOLIDATED ALL REGIONS, TRUST & IT

I. EXAMINATION PROCESS	# of Responses	Year	Strongly Agree	Agree	Disagree	Strongly Disagree	Yes	No Opinion
1. The examiners clearly communicated the examination scope and goals to management prior to the start of the examination.	116	2023	82%	17%		1%		
	143	2022	75%	25%				
2. The examiners requests for information prior to and during the examination were timely and reasonable.	116	2023	76%	22%	2%			
	143	2022	67%	32%	1%			
3. DEX is an efficient method to provide requested information to examiners securely (if applicable).	116	2023	44%	40%	11%	2%		3%
	143	2022	40%	45%	11%	1%		3%
4. The examination team acted in a professional and courteous manner during the examination.	116	2023	88%	12%				
	143	2022	84%	16%				
5. The examiners communicated with management throughout the examination.	116	2023	82%	17%	1%			
	143	2022	77%	22%	1%			
6. The examiners are informed of current industry issues and were knowledgeable of your bank.	116	2023	71%	28%	1%			
	143	2022	63%	33%		1%		3%
7. In what areas, if any, do you feel the examiners need additional training or education? Attach additional paper if necessary:	116	2023						
	143	2022						
8. The examiners remain focused on the key issues confronting your institution.	116	2023	71%	28%				1%
	143	2022	65%	34%	1%			
9. The examiners clearly and effectively communicated their findings and concerns at the exit and board meetings.	116	2023	77%	22%	1%			
	143	2022	74%	26%				
10. Conclusions regarding the bank's condition were well supported.	116	2023	69%	28%	3%			
	143	2022	68%	31%				1%
11. Recommendations for corrective actions were reasonable.	116	2023	61%	33%				6%
	143	2022	60%	35%				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?	116	2023	95%				4%	1%
	143	2022	97%				3%	
			NO				YES	

COMPARISON 2022 to 2023

116 Responses or 64.1% Response Rate - 2023
143 Responses or 71.9% Response Rate - 2022

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
116	2023	80%	15%	5%			
143	2022	75%	23%	1%			1%

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

116	2023	76%	24%				
143	2022	71%	28%				1%

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

116	2023	78%	21%	1%			
143	2022	72%	27%				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
116	2023	58%	36%	5%	1%		
143	2022	55%	44%	1%			

2. The examination was completed in a reasonable timeframe.

116	2023	70%	27%	2%	1%		
143	2022	66%	34%				

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

116	2023	75%	22%	3%			
143	2022	68%	31%	1%			

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

116	2023	67%	28%				5%
143	2022	66%	29%				5%

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

Of the 69 surveys mailed to complainants who filed a grievance against a regulated financial institution, five surveys were returned for a 7% response rate.

One hundred 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, 100% 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 75% of respondents. There were 25% of respondents expressing no opinion of the consumer assistance staff.

*Consumer Feedback Survey Fiscal Year 2023
Bank and Trust Supervision*

Reflects summary responses from five surveys received or 7% of the 69 surveys mailed.

General Feedback							
	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
1. It was relatively easy to file a complaint with the Department.	5	80%	20%	0%	0%	0%	0%
2. I had adequate access to the Consumer Assistance staff.	5	80%	20%	0%	0%	0%	0%
3. The Consumer Assistance staff handled my problem in a professional manner.	5	80%	20%	0%	0%	0%	0%
4. Overall, I was satisfied with the Department's assistance.	4	100%	0%	0%	0%	0%	0%
	# of Reponses	Web Site	Notice from Bank	Friend/Neighbor	Referred by Another Agency	Other	
5. How did you find out about us?	5	80%	20%	0%	0%	0%	
	# of Reponses	Mail	E-mail	In Person	Other		
6. How did you file your complaint?	5	20%	80%	0%	0%		
<i>Please complete this section if you contacted the Department by telephone: (if not applicable skip to #13)</i>							
	# of Reponses	Yes	No				
7. Did you use the agency's toll-free number?	4	50%	50%				
8. If not, were you informed about the agency's toll free number?	2	100%	0%				
9. Were you asked to submit a complaint form to begin an investigation?	4	75%	25%				
	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
10. The Department's automated menu was relatively easy to use.	4	50%	50%	0%	0%	0%	0%
11. The Consumer Assistance staff adequately identified themselves.	4	75%	0%	0%	0%	0%	25%
12. The Consumer Assistance staff was courteous and friendly.	4	75%	0%	0%	0%	0%	25%

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

	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
13. I feel the Consumer Assistance staff understood the basis of my complaint.	1	0%	100%	0%	0%	0%	0%
14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.	1	100%	0%	0%	0%	0%	0%
15. A copy of applicable laws was included in the Department's response.	1	100%	0%	0%	0%	0%	0%
16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	1	100%	0%	0%	0%	0%	0%
17. An explanation was given as to why the Department could not resolve my complaint.	1	0%	100%	0%	0%	0%	0%
18. The explanation given was fair and objective.	1	0%	100%	0%	0%	0%	0%
19. Options were offered to help me resolve my problem.	1	0%	0%	0%	0%	0%	100%
20. I received a response within the timeframes disclosed to me.	1	100%	0%	0%	0%	0%	0%

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

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

If you accessed the Department via the Internet:

	# of Reponses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	NA
27. I found the website easy to use.	5	60%	20%	0%	0%	0%	20%
28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.	5	60%	20%	0%	0%	0%	20%

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Analysis and Results of Money Services Businesses Survey

Rate the Department Analysis

Invitations to provide comment were sent to 195 MSBs requesting that they complete the online survey. The Department received 27 responses, accounting for 14% of the total number of licensees.

Overall, 96% of respondents expressed that Department personnel responded satisfactorily to their needs. Approximately 95% 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 – 2023

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 9, 2024. 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?

11 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	12	44%
Agree	14	52%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	27	100%

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

Strongly Agree	9	33%
Agree	12	44%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	23%
Total	27	100%

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

Strongly Agree	13	48%
Agree	13	48%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	27	100%

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

11 Responses

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

10 Responses

7. Other suggestions or comments regarding communication and correspondence.

7 Responses

EXAMINATION COMMUNICATION

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

Strongly Agree	11	48%
Agree	10	43%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	9%
Total	23	100%

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

Strongly Agree	7	30%
Agree	6	26%
Disagree	4	17%
Strongly Disagree	0	0%
No Opinion	6	27%
Total	23	100%

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

Strongly Agree	10	43%
Agree	12	52%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	5%
Total	23	100%

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

Strongly Agree	13	57%
Agree	9	39%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

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

Strongly Agree	13	57%
Agree	9	39%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

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

Strongly Agree	11	48%
Agree	11	48%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

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

Strongly Agree	12	52%
Agree	10	44%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

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

Strongly Agree	11	48%
Agree	9	39%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	13%
Total	23	100%

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?

6 Responses

17. The timeframe for the examination was reasonable, and examiners worked to minimize the disruptions to your daily duties.

Strongly Agree	10	44%
Agree	10	44%
Disagree	2	8%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

18. Other suggestions or comments regarding examination communication.

7 Responses

19. The Texas independent report of examination was received in a timely fashion.

Strongly Agree	10	44%
Agree	8	35%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	5	21%
Total	23	100%

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

Strongly Agree	10	44%
Agree	8	35%
Disagree	1	4%
Strongly Disagree	0	0%
No Opinion	4	17%
Total	23	100%

21. Has your company been examined by a multi-state joint examination in 2023?

Yes	14	61%
No	9	39%
Total	23	100%

22. Was Texas a participant of this joint examination?

Yes	9	60%
No	6	40%
Total	15	100%

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

Yes	5	33%
No	10	67%
Total	15	100%

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

Strongly Agree	5	31%
Agree	8	50%
Disagree	1	6%
Strongly Disagree	0	0%
No Opinion	2	13%
Total	16	100%

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

Strongly Agree	5	33%
Agree	8	53%
Disagree	1	7%
Strongly Disagree	0	0%
No Opinion	1	7%
Total	15	100%

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

Strongly Agree	5	31%
Agree	7	43%
Disagree	2	13%
Strongly Disagree	0	0%
No Opinion	2	13%
Total	16	100%

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

11 Responses

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

11 Responses

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

Joint	12	75%
Independent	4	25%
Total	16	100%

30. Please list the state(s) that was/were the lead in 2023.

12 Responses

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

9 Responses

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

7 Responses

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

4 Responses

CORPORATE ACTIVITIES DIVISION

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

Yes	4	17%
No	19	83%
Total	23	100%

35. The Corporate Division is accessible and professional.

Strongly Agree	3	60%
Agree	1	20%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	20%
Total	5	100%

36. Responses are generally timely.

Strongly Agree	3	60%
Agree	1	20%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	20%
Total	5	100%

37. The content and substance of responses are appropriate and timely.

Strongly Agree	2	40%
Agree	2	40%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	20%
Total	5	100%

38. Requests for information are reasonable.

Strongly Agree	3	75%
Agree	1	25%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	4	100%

39. Other suggestions or comments regarding the corporate division.

0 Responses

LEGAL DIVISION

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

Yes	0	0%
No	23	100%
Total	23	100%

41. The Legal Division is accessible and professional.

Strongly Agree	0	0%
Agree	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	100%
Total	1	100%

42. Responses are generally timely.

Strongly Agree	0	0%
Agree	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	100%
Total	1	100%

43. The content and substance of responses are appropriate and timely.

Strongly Agree	0	0%
Agree	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	100%
Total	1	100%

44. Requests for information are reasonable.

Strongly Agree	0	0%
Agree	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	100%
Total	1	100%

45. Other suggestions or comments regarding the legal division.

0 Responses

OVERALL DEPARTMENT EFFECTIVENESS

46. Overall, Department personnel are responding satisfactorily to my needs.

Strongly Agree	14	61%
Agree	8	35%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

47. I find the Department's website easy to navigate.

Strongly Agree	8	35%
Agree	14	61%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	4%
Total	23	100%

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

None	4	18%
1 to 10	17	77%
11 to 20	1	5%
21 to 50	0	0%
51+	0	0%
Total	22	100%

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

8 Responses

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

3 Responses

51. 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.	1 17%	1 17%	0 0%	0 0%	4 76%
The issue was handled in a professional manner.	1 17%	1 17%	0 0%	0 0%	4 76%
The Department's findings were based on a logical interpretation of applicable law.	1 17%	1 17%	0 0%	0 0%	4 76%
The Department's suggestion for resolving the matter was reasonable.	1 17%	1 17%	0 0%	0 0%	4 76%

52. Other suggestions or comments regarding overall Department effectiveness.

1 Responses

53. 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.

2 Responses

54. Contact information, if you desire a call back.

1 Responses

Survey of Consumer Complainants of MSB Licensees Analysis

There were 107 surveys mailed to complainants of MSBs with seven 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 2023 Money Services Businesses

Reflects summary responses from seven surveys received or 7% of the 107 surveys mailed.

Non-Depository Supervision Consumer Feedback Survey - Comparison Money Services Businesses

Reflects summary responses from 7 2023 surveys received or 7% of the 107 surveys mailed.

Complaints resolved in FY-2023

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
7	2023	57%	14%	29%	0%	0%	0%
7	2023	43%	57%	0%	0%	0%	0%
7	2023	86%	14%	0%	0%	0%	0%
7	2023	71%	29%	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
7	2023	57%	29%	0%	0%	14%

6. How did you file your complaint?

# of Responses	Year	Mail	E-mail	In Person	Other
7	2023	29%	71%	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
4	2023	75%	0%	0%	25%	0%	0%
2	2023	0%	0%	0%	50%	0%	50%
4	2023	0%	75%	0%	25%	0%	0%
3	2023	67%	0%	33%	0%	0%	0%
3	2023	100%	0%	0%	0%	0%	0%
3	2023	100%	0%	0%	0%	0%	0%

Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2023 Money Services Businesses

		# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
If your complaint was NOT resolved in your favor:									
13.	I feel the Consumer Assistance staff understood the basis of my complaint.	3	2023	75%	25%	0%	0%	0%	0%
14.	The response provided by the Department addressed the important aspects of my complaint and provided useful information.	3	2023	100%	0%	0%	0%	0%	0%
15.	A copy of applicable laws was included in the Department's response.	3	2023	100%	0%	0%	0%	0%	0%
16.	The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	3	2023	100%	0%	0%	0%	0%	0%
17.	An explanation was given as to why the Department could not resolve my complaint.	3	2023	100%	0%	0%	0%	0%	0%
18.	The explanation given was fair and objective.	3	2023	100%	0%	0%	0%	0%	0%
19.	Options were offered to help me resolve my problem.	2	2023	50%	50%	0%	0%	0%	0%
20.	I received a response within the timeframes disclosed to me.	3	2023	100%	0%	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.	5	2023	75%	25%	0%	0%	0%	0%
22.	The response provided addressed the important aspects of my complaint and provided useful information.	7	2023	100%	0%	0%	0%	0%	0%
23.	A copy of applicable laws was included in the Department's response.	4	2023	75%	0%	25%	0%	0%	0%
24.	The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	4	2023	100%	0%	0%	0%	0%	0%
25.	The resolution was fair considering applicable laws.	7	2023	86%	14%	0%	0%	0%	0%
26.	I received a response within the timeframes disclosed to me.	5	2023	100%	0%	0%	0%	0%	0%
If you accessed the Department via the Internet:									
27.	I found the website easy to use.	5	2023	100%	0%	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.	5	2023	100%	0%	0%	0%	0%	0%

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Analysis and Results of PFC/PCC Surveys

Rate the Department Analysis

Invitations were sent to 314 PFCs and PCCs requesting each entity complete the online survey. Fifty-three responses were received, accounting for approximately 17% of the total number of licensees. The overall results were mostly positive.

The agency received a 93% satisfactory performance rating for headquarters office staff being accessible and providing timely and accurate feedback. Ninety-eight 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 – 2023

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 9, 2024. 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?

31 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	19	36%
Agree	29	55%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	4	7%
Total	53	100%

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

Strongly Agree	30	57%
Agree	19	36%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	7%
Total	53	100%

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

Strongly Agree	29	55%
Agree	20	38%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	4	7%
Total	53	100%

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

21 Responses

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

22 Responses

7. Other suggestions or comments regarding communication and correspondence.

16 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	51%
Agree	24	47%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	1	2%
Total	51	100%

9. If utilized in 2023, access to the Department's Data Exchange (DEX) allowed us to upload, report, and exchange data quickly.

Strongly Agree	12	24%
Agree	10	20%
Disagree	2	4%
Strongly Disagree	0	0%
NA	27	52%
Total	51	100%

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

Strongly Agree	21	41%
Agree	26	51%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	3	6%
Total	51	100%

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

Strongly Agree	32	63%
Agree	18	35%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	51	100%

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

Strongly Agree	31	61%
Agree	20	39%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	51	100%

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

Strongly Agree	28	55%
Agree	19	37%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	3	6%
Total	51	100%

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

Strongly Agree	25	49%
Agree	24	47%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	1	2%
Total	51	100%

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

Strongly Agree	23	45%
Agree	26	51%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	2	4%
Total	51	100%

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	28	55%
Agree	23	45%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	51	100%

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

Strongly Agree	29	57%
Agree	22	43%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	0	0%
Total	51	100%

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

Strongly Agree	28	55%
Agree	21	41%
Disagree	2	4%
Strongly Disagree	0	0%
No Opinion	0	8%
Total	51	100%

20. Other suggestions or comments regarding examination communication.

13 Responses

LEGAL DIVISION

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

Yes	1	2%
No	49	98%
Total	50	100%

22. The Legal Division is accessible and professional.

Strongly Agree	1	10%
Agree	2	20%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	70%
Total	10	100%

23. Responses are generally timely.

Strongly Agree	0	70%
Agree	4	40%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	6	60%
Total	10	100%

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

Strongly Agree	1	9%
Agree	3	27%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	64%
Total	11	100%

25. Requests for information are reasonable.

Strongly Agree	0	0%
Agree	4	36%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	7	64%
Total	11	100%

26. Other suggestions or comments regarding the legal division.

0 Responses

OVERALL DEPARTMENT EFFECTIVENESS

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

Strongly Agree	26	52%
Agree	21	42%
Disagree	0	0%
Strongly Disagree	0	0%
No Opinion	3	6%
Total	50	100%

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

Strongly Agree	17	34%
Agree	25	50%
Disagree	1	2%
Strongly Disagree	0	0%
No Opinion	7	14%
Total	50	100%

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

None	8	16%
1 to 10	36	72%
11 to 20	3	6%
21 to 50	3	6%
51+	0	0%
Total	50	100%

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

19 Responses

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

7 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.	2 20%	1 10%	1 10%	0 0%	6 60%
The issue was handled in a professional manner.	2 25%	2 25%	0 0%	0 0%	4 50%
The Department's findings were based on a logical interpretation of applicable law.	2 25%	2 25%	0 0%	0 0%	4 50%
The Department's suggestion for resolving the matter was reasonable.	2 25%	2 25%	0 0%	0 0%	4 50%

33. Other suggestions or comments regarding overall Department effectiveness.

4 Responses

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

7 Responses

35. Contact information, if you desire a call back.

3 Responses

Survey of Consumer Complainants of PFC and PCC Analysis

Fifty-two PFC and PCC complainants were mailed surveys and five 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 2023
Prepaid Funeral Benefits and Perpetual Care Cemeteries

Reflects summary responses from five surveys received or 10% of the 52 surveys mailed.

Complaints resolved in FY-2023

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
5	2023	60%	40%	0%	0%	0%	0%
5	2023	60%	40%	0%	0%	0%	0%
5	2023	80%	20%	0%	0%	0%	0%
5	2023	100%	0%	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
5	2023	20%	0%	0%	40%	40%

6. How did you file your complaint?

# of Responses	Year	Mail	E-mail	In Person	Other
5	2023	60%	40%	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
2	2023	0%	0%	0%	100%	0%	0%
2	2023	50%	0%	0%	50%	0%	0%
2	2023	100%	0%	0%	0%	0%	0%
2	2023	50%	0%	0%	0%	0%	50%
2	2023	100%	0%	0%	0%	0%	0%
2	2023	100%	0%	0%	0%	0%	0%

Non-Depository Supervision Consumer Feedback Survey Fiscal Year 2023
Prepaid Funeral Benefits and Perpetual Care Cemeteries

	# of Responses	Year	Strongly Agree/Yes	Agree	Neutral	Disagree/No	Strongly Disagree	No Opinion
If your complaint was NOT resolved in your favor:								
13. I feel the Consumer Assistance staff understood the basis of my complaint.	1	2023	0%	100%	0%	0%	0%	0%
14. The response provided by the Department addressed the important aspects of my complaint and provided useful information.	1	2023	0%	100%	0%	0%	0%	0%
15. A copy of applicable laws was included in the Department's response.	1	2023	0%	0%	0%	0%	0%	100%
16. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	1	2023	0%	100%	0%	0%	0%	0%
17. An explanation was given as to why the Department could not resolve my complaint.	1	2023	0%	0%	0%	0%	0%	100%
18. The explanation given was fair and objective.	1	2023	0%	100%	0%	0%	0%	0%
19. Options were offered to help me resolve my problem.	1	2023	0%	100%	0%	0%	0%	0%
20. I received a response within the timeframes disclosed to me.	1	2023	100%	0%	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.	5	2023	100%	0%	0%	0%	0%	0%
22. The response provided addressed the important aspects of my complaint and provided useful information.	5	2023	80%	20%	0%	0%	0%	0%
23. A copy of applicable laws was included in the Department's response.	5	2023	0%	0%	20%	0%	0%	80%
24. The Consumer Assistance staff was knowledgeable about the laws affecting my complaint.	5	2023	40%	40%	20%	0%	0%	0%
25. The resolution was fair considering applicable laws.	5	2023	80%	20%	0%	0%	0%	0%
26. I received a response within the timeframes disclosed to me.	5	2023	100%	0%	0%	0%	0%	0%
If you accessed the Department via the Internet:								
27. I found the website easy to use.	3	2023	33%	0%	0%	0%	0%	67%
28. Adequate information was found on the website to assist in filing a complaint and contacting the correct person at the agency.	4	2023	50%	0%	0%	0%	0%	50%

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:
Mrs. Sheón Corley 512-475-1199 512-475-1313 (fax) consumer.complaints@dob.texas.gov	Ms. Regina Soto 512-475-1287 512-475-1288 (fax) pfcpc@dob.texas.gov	Ms. Mary Ann Gonzales 512-475-1291 512-475-1288 (fax) msb@dob.texas.gov

SCHEDULE I

APPENDIX 10. CERTIFICATION OF COMPLIANCE WITH CYBERSECURITY TRAINING

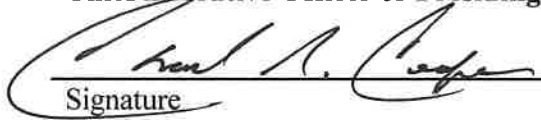


CERTIFICATE

Agency Name

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2054.5191 and 2054.5192.

Chief Executive Officer or Presiding Judge


Signature

Charles G. Cooper

Printed Name

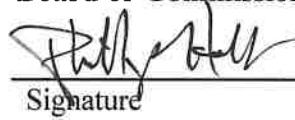
Executive Director, Finance Commission of Texas

Title

April 19, 2024

Date

Board or Commission Chair


Signature

Phillip Holt

Printed Name

Chairman, Finance Commission of Texas

Title

April 19, 2024

Date