IDAHO
DEPARTMENT OF FINANCE

Safeguarding the Financial Health of Idaho

Idaho Department of Finance
FY 2021 – 2026 Strategic Plan

July 1, 2020

Idaho Department of Finance

FY 2021 – 2026 Strategic Plan

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Mission Statement

Safeguarding the financial health of Idahoans through the appropriate oversight of diverse financial institutions, the education and protection of consumers, and by fostering sensible innovation in the financial services market.

Vision Statement

Excelling in supervision, fostering innovation, protecting Idaho's financial health.

I. Introduction

The Idaho Department of Finance (Department) is an executive state agency tasked with the oversight of both depository and non-depository financial service providers chartered or licensed in Idaho. We are dedicated to maintaining outstanding public service and outstanding professional standards, and to being a leader in promoting comprehensive financial services in Idaho. As promptness and accuracy are the touchstones of our operations, the Department is committed to providing Idaho's citizens, the industries it supervises, the Legislature, the Governor, and our employees, services that are timely and of the highest quality

Each year, the Department reviews and updates its Strategic Plan and develops its annual Performance Report. In doing so, the Department seeks input from the Department's employees, representatives of the industries it regulates, legislators and consumers. The Department also performs a periodic stakeholder survey to obtain comments and feedback on its goals and priorities. A summary of the Department's 2020 Strategic Stakeholder Planning Survey is attached to this report as an Appendix. The next Strategic Stakeholder Planning Survey will occur in 2025. The final Performance Report and Strategic Plan are posted on the Department's website and employees and the public are encouraged to review both documents.

II. History and Organizational Structure

The Department was created in 1905 to ensure the stability of and public confidence in the banks organized under a state charter. At that time, the Department administered only one law, the Idaho Bank Act, and licensed only one industry – banks. Today, the Department regulates in excess of 202,072 financial service providers and products, in 15 industries, under 22 statutes. These include banks, credit unions, broker-dealers and investment advisers and their agents, securities offerings,

securities issuers, money transmitters, endowed care cemeteries, mortgage brokers/lenders and their loan originators, finance companies, collection agencies, regulated lenders, and escrow companies**.** The Department's Director is appointed by the Governor with the advice and consent of the Idaho Senate. Additionally, the Department receives no general fund or tax revenues but is funded exclusively from fees paid by the regulated industries. In FY 2021, the Department has an appropriated budget of $10,769,100 and 66 full time positions, along with three Deputy Attorneys General and a paralegal assigned to the Department.

As the industries the Department regulates have become more complex, they have sought greater responsiveness, flexibility and accessibility from their regulators. To this end the Department has historically pursued efficiencies in supervision, and is committed to providing its employees with the knowledge, skills and resources necessary to meet these challenges. The Department refines its processes continually to become more efficient, proactive, and effective in its operations. The Department functions through four bureaus: The Financial Institutions Bureau, the Securities Bureau, the Consumer Finance Bureau, and the Supporting Services Bureau.

- **Financial Institutions Bureau:** The Financial Institutions Bureau is responsible for promoting the safety and soundness of Idaho state-chartered commercial banks, savings banks, credit unions, bank holding companies, trust companies, and business and industrial development corporations. The Bureau assesses the condition of these institutions so that the public can have confidence in the financial system, and so that the interests of depositors, creditors, and shareholders are protected. The Bureau works closely with federal and other state regulators to provide regulated industries with seamless supervision, minimal disruption and costs, and effective use of resources. The Bureau also investigates complaints against state-chartered financial institutions filed with the Department.

- **Securities Bureau:** The Securities Bureau regulates the offer or sale of investment securities and those individuals and entities that offer or sell investment opportunities to the public. The Bureau's objectives include promoting the integrity and vitality of state and federal financial markets, protecting the investing public from fraudulent investment schemes, and assisting legitimate businesses in their efforts to raise capital in Idaho. The Bureau is also responsible for the licensing and oversight of money transmitters, those businesses engaged in receiving money for transmission and issuing payment instruments to purchasers (e.g., money orders, stored value products). The Bureau regulates independent escrow companies, as well as those providing 1031 exchange accommodation services. Furthermore, the Bureau ensures that endowed care cemeteries properly handle the funds and trust placed with them. In addition to its supervision activities, the Bureau is responsible for providing consumer education to Idaho citizens on topics related to investment fraud awareness, budgeting and other investment related topics.

- **Consumer Finance Bureau:** The Consumer Finance Bureau is the regulatory and licensing authority for consumer lenders, including consumer finance companies, non-depository financial institutions, payday lenders, title lenders, and creditors who take assignments and undertake collection of payments from debtors arising from regulated

consumer loans. This supervision also applies to retail sellers of goods and services who extend credit to their customers. The Bureau regulates mortgage brokers, mortgage lenders, mortgage loan originators, and mortgage service providers operating in Idaho. The Bureau has oversight of collection agencies that engage in collection activities in Idaho and those entities that engage in credit counseling, debt counseling, or credit repair in Idaho. Finally, the Bureau regulates loan brokers operating in Idaho to ensure they do not receive any fee, interest, or other charge prior to a loan or extension of credit, or written commitment to loan or extend credit, made by an authorized lender. The goal of the Bureau is to assure the availability and quality of consumer financial services and lawful debt collection practices. In addition to its supervision activities, the Bureau is responsible for providing consumer education to Idaho citizens on topics related to mortgage lending, the use of credit, consumer fraud, and other consumer finance related topics.

- **Supporting Services Bureau:** The Supporting Services Bureau provides operational support to the Director, Deputy Director, and Bureau Chiefs in carrying out their program responsibilities. This support is provided through the development and maintenance of the accounting system and records for the Department; maintenance of personnel records; preparation and submission of the Department's budget; providing financial, management and statistical reports; coordination of the Department's business services; and maintenance of the Department's vehicles.

III. Key External Factors

During the next five years, the Department will remain prepared to address various external factors that may impact its ability to meet its goals. Among these factors are the health of national and international economies; the encroachment by federal agencies on state authority and local oversight of financial services; and, the constantly changing landscape of the financial services industry. Recent events also demonstrate the need for the Department to not only anticipate how local natural events can disrupt the services that Idahoans rely on, but also how natural events that occur at a national or global scale can impact all of the areas of financial services the Department oversees.

The pace of technological changes within the financial service industries and the development of non-traditional financial services business models present challenges and opportunities to both traditional providers and their regulators. The Department envisions innovation by financial service providers to meet greater public demand for services that complement consumers' needs, and to mitigate economic and regulatory risks. These innovations can enhance and support existing financial services markets. However, trends that result in the disruption of traditional financial services require clear understanding and sensible oversight. Where financial services shift towards less traditional platforms that align with advances in technology, the industries we regulate will continue to become more complex as they develop new products, investments and technologies. Though many of these advances may be developed by providers that fall within the Department's oversight, it is likely that a majority of advancements in financial services

technology will be provided by third-party service providers (TSPs) and financial technology companies (FinTechs). These companies may provide new and direct competition to the industries we regulate.

Beginning in Fiscal Year 2021, the Department will establish workgroups to further assess and determine how the Department can continue to oversee the business of today while preparing for the business of the future. These workgroups will evaluate signals within the industries the Department supervise to identify future trends and the positive or negative impacts of those trends on both industries and consumers. Further, these workgroups will evaluate the scope of strategic planning beyond the Department's current five-year evaluation. Relying upon outreach with industry, the public, and policy makers, the Department will use future strategic planning events to develop scenarios that consider the state of financial services within the next ten-years.

In developing its strategic plan, the Department identified the following external factors significant to each of its supervisory Bureaus:

A. Financial Institutions Bureau

The strength of the economy directly affects the financial services industries' performance, and recent economic news highlights the many challenges ahead for the Idaho economy. Within the current economy, financial service providers face increasing challenges to their ability to meet customer credit needs under unprecedented circumstance. These challenges also include protecting consumer data and safeguarding industry proprietary processes due to an increasingly active cybersecurity threat environment. Additional costs and resources may be required of our institutions to manage cybersecurity risk going forward. Along with the difficulty of attracting qualified personnel due to the strong competition within the market, financial institutions may face challenges attracting sufficient personnel to meet this cybersecurity challenge.

The impacts of the recent pandemic are widespread and financial services are at the epicenter of the economic shifts that have resulted. Commercial, agricultural, and consumer borrowers have been affected by supply chain interruptions, as well as declines in sales, commodity prices, and income. As the global, national and local economies begin to reopen, some borrowers may not be able to resume full operations for a period of time. This may result in the possibility of increased credit quality deterioration and potential losses experienced by financial institutions. Financial institutions may also face increased competition for deposits and shares during a time of strong loan demand creating the potential for liquidity stresses and higher liquidity costs.

Unexpected changes in interest rates could have a significant impact on Idaho financial institutions. Depressed commodity prices pose a concern as international trade disputes have broad implications for local and national agricultural economies. Coupled with these possible impacts, continued industry consolidation and reduction in the number of Idaho state-chartered financial institutions remains a significant concern for the Department, along with industry disruption through the advancement of new technology and nontraditional competitors entering the market.

B. Securities Bureau

Continued action at the federal level threatens preemption of state authority in nearly all aspects of the Department's securities regulation, from supervising providers in their duty to clients, to capital raising. This trend regularly impacts how the Department effectively regulates the securities industry in Idaho.

Additionally, advances in financial technology, in particular the growing acceptance and implementation of virtual currencies in financial services, requires that the Department further adapt and evolve its regulatory model. Furthermore, the industries the Department regulates, and those bad actors that affect Idaho commerce and consumers, are situated not only in Idaho but also operate from locations all across the country and around the world. The Department remains committed to the diligent scrutiny of trending innovations in financial product and services due to the potential for fraud and exploitation, including money laundering and financing illicit activities, and to consumer protection in general. The elderly and younger generations are often vulnerable to illicit securities and money services related schemes. To enhance consumer awareness of these issues, the Department's education efforts will continue to focus on the targets of these frauds.

C. Consumer Finance Bureau

Weaknesses within the mortgage servicing industry have stood out starkly during the most recent pandemic. Over the past ten years, mortgage servicing activities had shifted significantly from depository institutions to non-depository lenders and servicers. This shift has left more consumers exposed to disruptions in services, or a loss in quality of services, where the financial condition of their mortgage servicers are unable to withstand the impacts of required forbearance models and moratoriums on default or foreclosure activities. As a result, the Department must ensure that entities who manage the servicing of payments on many consumers' largest investment can withstand catastrophic events, such as those witnessed in the last fiscal year. Additionally, as the economy recovers over the next fiscal year, the Department must remain diligent in its supervision of mortgage origination, loan modification, credit repair, and debt management and settlement activities to protect consumers from fraud and other abuses.

Federal actions that limit access to short-term, small-dollar credit products; preemption of state authority by federal agencies over the supervision of unsecured personal student loan providers and servicers; and, changing regulatory requirements for credit service providers remain key concerns for the Department. The Department continues to support efforts to reduce uncertainty and unnecessary burdens on providers of these services through reasonable and standardized regulatory requirements. These goals can be accomplished while maintaining the appropriate supervision of these services by state agencies responsive to their citizens, such as the Department.

IV. Key Internal Factors

In the past fiscal year, the Department successfully completed necessary organizational restructuring and selected a new management team as a result of key retirements among its executive staff. Yet succession planning for staff retirements and the Department's ability to recruit and retain a knowledgeable professional staff remain key internal factors to its success. Additionally, the Department's sees the ability to adopt process improvements, which requires training and development of staff, as correlated to its ability to develop and retain knowledgeable staff.

By the end of Fiscal Year 2021, 32 percent of Department staff will be eligible for retirement (age 55+), increasing to 44 percent within five years (age 50+), and 46 percent in 7 years. Thirty-nine percent of the Department staff has more than 10 years of regulatory experience. This depth is an advantage now, but sharply points to the need for continual development of expert staff to interpret and make critical judgments in supervising financial entities.

Leaders who focus on results, collaborate with industry, other regulators and stakeholders, cooperate internally, and continually strive for excellence will carry out the Department's mission. To create a solid foundation for capable leadership in the future, the Department focuses on building successive levels of management within each bureau and section, rather than simply developing individuals. This is consistent with the Department's evolving needs and strategic goals. The result will be a stable, capable management culture: one that provides opportunities for movement, development, and challenging assignments in which an individual can demonstrate high levels of performance and ability and can make productive contributions to the Department's goals.

In Fiscal Year 2021, the Department will also be engaged in an office relocation, requiring significant budget and personnel resources to accomplish. Concurrently, the Department will be participating in the important reaccreditation of its Banking, Credit Union, and Mortgage Sections, requiring the substantial involvement of key staff. The Department is committed to appropriate planning, preparation, and efficient execution of each of these projects' milestones to lessen impacts its general operations.

Each member of the Department is familiar with the strategic goals of the Department as well as the steps necessary to achieve these goals. A Business Continuity Plan exists which sets forth the details of carrying on day-to-day operations should an emergency occur, and was amply tested during recent events. The Business Continuity Plan is posted on the Department's website and all management and staff are required to be familiar with this plan. It is tested periodically and will be tested next in September 2021.

Strategic Planning Survey

The Strategic Planning Survey, last conducted in 2020, showed over 91 percent of respondents believe recruiting and retaining a knowledgeable staff is an important priority. Working toward

pay parity with our federal counterparts will encourage our staff to remain with the Department rather than leaving for the federal agencies. Similarly, providing "phased retirement" and other family-friendly programs would assist the Department in retaining experienced employees; the federal agencies and private sector already offer such options. Maintaining experienced staff is good for both Idaho's financial institutions as well as their customers. Additionally, a majority of all survey respondents viewed various topics that aligned with the Department's goal as important. Notably, increasing financial literacy for Idahoans and adopting technology to automate supervision processes were viewed as important among respondents by 96 and 91 percent, respectively.

V. Zero-Based Regulation / Red Tape Reduction

In compliance with the Governor's Executive Order No. 2019.02, the Red Tape Reduction Act (Act), the Department designated the Deputy Director as its Rules Review Officer (RRO). In addition, each Bureau designated one member to participate in a comprehensive review of the Department's rules to identify costly, ineffective, or outdated regulations.

During the recent reauthorization of agency rules, the Department held three public meetings on its proposed rules, eliminated one full rule chapter, eliminated three pages of rules, and removed 68 restrictions, representing a 19.1 percent reduction of restrictive words within the Department's rules. As of June 30, 2020, pursuant to the Governor's Executive Order 2020-01, Zero-Based Regulation, the Department has implemented a rule review process to review all agency rules in accordance with the procedures established by that Order.

VI. Adoption of the NIST Cybersecurity Framework and Implementation of CIS Critical Security Controls 1 - 5

As a technology customer of the Office of Information Technology Services (ITS) in the Governor's Office, the Department is using the cybersecurity systems and technical expertise in ITS to fulfill requirements related to Executive Order 2017-02. Staff from ITS were briefed on the NIST Core Framework, CIS Controls 1-5, and their plan for adoption of the NIST Cybersecurity Framework. The Department participates in DHR and ITS administered cybersecurity training, as awareness is a critical component of an effective cybersecurity program. As briefed by ITS staff, implementation of the CIS Controls 1-5 will be their responsibility for the systems they operate and, as technological tools applied to the computer systems, largely invisible to the Department as a customer. ITS, working through the multi-agency Incident Response Task Force, has developed an Incident Response Program in support of the Department.

VII. Goals, Objectives, Performance Measures and Benchmarks

A. Financial Institutions Bureau

Goal #1: Promote public and industry confidence in the banking and credit union systems through timely, reasonable and effective supervision and regulation.

Objective: Implement sound regulatory policies and programs to safeguard deposits and protect the customers of financial institutions.

Objective: Assist each financial institution's management in establishing effective risk management policies and procedures.

Objective: Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities to advance their knowledge and skills.

Performance Measures:

- Idaho state-chartered financial institutions offer products and services that are competitive with those offered by federally-chartered financial institutions.

  Benchmark: All Idaho state-chartered financial institutions have the opportunity to offer all of the financial products and services offered by federally-chartered financial institutions.

- Idaho state-chartered financial institutions operate in a safe and sound manner.

  Benchmark: Make every effort to avoid state-chartered financial institution failures through efficient, effective and responsible regulatory supervision.

- Financial Institutions Bureau retains experienced, professional examination staff.

  Benchmark: No employee leaves the Financial Institutions Bureau primarily to obtain greater compensation or training benefits with a federal or other state government financial regulator, as determined through an exit interview.

- Retain national accreditation of both the banking and credit union sections of the Financial Institutions Bureau.

  Benchmark: Banking and credit union sections re-accredited each time the section is reviewed.

Goal # 2: Enhance the examination process to monitor and evaluate internal and external conditions, address industry trends and ensure fiscal integrity.

Objective: Utilize monitoring and examination processes that focus resources on discovering and evaluating risks, including emerging security risks.

Objective: Monitor trends in the financial services industry and develop supervisory programs to effectively monitor and examine new financial products, services and technology, including electronic commerce and banking, information technology and cybersecurity.

Objective: Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Performance Measures:

- Utilize both on- and off-site monitoring and examination programs to increase quality and effectiveness of financial institution supervision and reduce on-site examination time.

  Benchmark: On-site examination time minimized and off-site monitoring optimized consistent with financial institution's risk profile.

- Percentage of state-chartered depository institutions examined within statutory time frames.

  Benchmark: 100 percent of state-chartered depository institutions examined within statutory timeframes.

- Promote the importance of cybersecurity awareness.

  Benchmark: Review financial institutions' governance and monitoring of cybersecurity to ensure they are commensurate with complexity of the institutions and to minimize cyber threat incidents.

- Examiners are knowledgeable of with new products and technologies being used in the financial institutions.

  Benchmark: At least one examiner has sufficient training and expertise in each significant product, service and technology used or offered by a financial institution to evaluate its risks and benefits, specifically trust, information technology, BSA, compliance and capital markets.

- Designate subject matter experts (SMEs) in key areas of the examination process.

Benchmark: All SME designations have been identified and assigned to the examination staff, who are provided the necessary training to effectively evaluate the risks in the area of expertise.

Goal #3: Maintain a strong state regulatory system for depository financial institutions, non-depository trust companies, and business and industrial development companies.

Objective: Promote the dual banking system and the state chartering system for banks and credit unions.

Objective: Avoid further federal preemption that results in a reduction of state authority and consumer protections.

Objective: Provide excellent accessibility, responsiveness and value added services to Idaho state-chartered financial institutions.

Objective: Permit Idaho state-chartered financial institutions to innovate and exercise new powers consistent with the principles of safety and soundness.

Objective: Reduce regulatory burden to the extent possible without compromising safety and soundness or consumer protections.

Performance Measures:

- Actively oppose further federal preemption efforts and federal regulations that adversely affect the ability of Idaho state-chartered financial institutions to be competitive.

  Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.

- Review statutes and rules to ensure requirements continue to be necessary.

  Benchmark: Review statutes and rules annually for ways to reduce regulatory burden.

- Develop and modernize the Financial Institutions Bureau's regulatory framework to be more responsive innovation and to become a regulator of choice for industry.

  Benchmark: Participate in a Department-wide emerging technologies committee to address modernization needs.

B. Securities Bureau

Goal # 1: Promote public and industry confidence in the securities markets, Idaho investment professionals, endowment care cemeteries, escrow companies and money transmitters through the registration and examination processes.

Objective: Promote Idaho as a desirable place in which to invest, and conduct related financial business.

Objective: Ensure the registration and compliance of all entities and persons coming under the jurisdiction of the Idaho Uniform Securities Act.

Objective: Ensure endowment care cemeteries comply with the requirements of the Idaho Endowment Care Cemetery Act so cemeteries are well-maintained in perpetuity.

Objective: Ensure the licensure and compliance of all entities coming under the jurisdiction of the Idaho Money Transmitters Act (IMTA).

Objective: Ensure the licensure and compliance of all entities coming under the jurisdiction of the Idaho Escrow Act (IEA).

Objective: Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities, including access to certification programs.

Objective: Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Performance measures:

- Number of individuals and entities registering with the Department to do business in Idaho.

  Benchmark: Maintain or increase the number of registrants and securities offerings in Idaho in all years with a positive national economy.

- Number of examinations conducted of broker-dealers registered with the Department to do business in Idaho.

  Benchmark: Investigate (by examination as needed) every complaint involving Idaho registered and unregistered broker-dealers, broker-dealer agents, issuers and issuer agents.

- Percentage of state-registered investment advisers for which the Department has completed an onsite examination each year. Investment advisers identified through prior examination as higher risk will be subject to more frequent examinations.

  Benchmark: Examine 25 percent of state-registered investment advisers each year.

- Percentage of endowment care cemeteries for which the Department has completed an on-site examination each year.

  Benchmark: Examine 100 percent of all endowment care cemeteries each year.

- Number of Idaho-licensed money transmitters which have been examined by Idaho or a signatory to the Money Transmitter Regulators Association (MTRA) Joint Examination MOU each year.

  Benchmark: Examine 25 percent of Idaho-licensed money transmitters each year.

- Number of authorized delegates of Idaho-licensed money transmitters examined each year.

  Benchmark: Examine one or more authorized delegates of 25 percent of Idaho-licensed money transmitters for remitters reporting agent locations in Idaho each year.

- Number of Idaho-licensed escrow companies examined each year by Idaho or other jurisdictions with a similar or superior examination program.

  Benchmark: Examine 25 percent of Idaho-licensed escrow companies each year, to include examination reports provided by another competent jurisdiction.

- Number of un-licensed escrow companies against which actions have been taken.

  Benchmark: Respond to 100 percent of complaints involving unlicensed activity each year, including but not limited to, internet-only escrow companies. If legally possible, respond with some type of public warning.

- Number of examinations and investigations conducted jointly with other state, SRO and federal regulators.

  Benchmark: Attend annual joint regulator examination summit and coordinate exams to extent possible.

Goal #2: Protect investors from investment fraud through timely enforcement of Idaho's securities laws.

Objective: Bring appropriate legal action against those violating securities and other laws under Department's authority.

Objective: Ensure investment offerings fully comply with Idaho law.

Objective: Ensure applicants for broker-dealer, investment adviser and agent registration fully meet qualification standards of Idaho law.

Objective: Conduct on-site examinations of firms and applicants to ensure compliance with legal requirements.

Performance Measures:

- Conduct timely investigations of suspected violations.

  Benchmark: Cases more than 6 months old are: being actively investigated, closed or have been referred for legal action.

- Perform a comprehensive and timely review of materials submitted with securities registration applications.

  Benchmark: Review registration materials and issue any comment letters within statutory timeframes.

- Conduct investigations of investment advisers, broker-dealers and their branch offices, agents, and issuers when red flags are noted.

  Benchmark: On-going fraud or sales practice abuses are halted quickly.

Goal #3: Increase the financial literacy of all Idahoans.

Objective: Give Idahoans the financial knowledge base needed to wisely use credit, save, invest and avoid fraud.

Performance Measures:

- Educate Idaho teachers, when opportunities arise, at all levels on personal finance basics so those principles can be incorporated into everyday lessons.

  Benchmark: Sponsor or participate in teacher financial literacy education programs, if available.

- Educate Idaho professionals and social workers about signs of elder fraud and financial abuse.

  Benchmark: Sponsor or participate in yearly professional/social worker elder financial fraud prevention programs, if available.

- Provide speakers and consumer information to schools, senior centers, civic groups and any other interested group to raise awareness of personal finance issues.

  Benchmark: Maintain or increase the number of Idahoans to whom educational presentations are made each year.

- Issue press releases and investor alerts highlighting current investing topics and ways to avoid fraud.

  Benchmark: Issue at least one press release semi-annually that incorporates a financial educational component.

Goal #4: Maintain a strong state regulatory system for securities and investment professionals.

Objective: Avoid, mitigate, or work to accommodate federal preemption of state laws that results in a reduction of state authority and consumer protections.

Objective: Reduce regulatory burden to the extent possible without compromising safety and soundness or consumer protections.

Performance Measures:

- Actively oppose further federal preemption efforts.

  Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.

- Review statutes and rules to ensure requirements continue to be necessary.

  Benchmark: Review statutes and rules annually for ways to reduce regulatory burden and update as needed.

- Develop and modernize the Securities Bureau's regulatory framework to be more responsive to industry innovation.

  Benchmark: Participate in a Department-wide emerging technologies committee to address modernization needs.

C. Consumer Finance Bureau

Goal #1: Promote public and industry confidence in Idaho consumer financial services through the licensing and examination process.

Objective: Promote a healthy, competitive financial services industry in Idaho.

Objective: Ensure that all participants in the financial services industry are properly licensed, where required, and comply with applicable Idaho laws.

Objective: Coordinate and cooperate with other regulators to increase regulatory efficiency and reduce regulatory burden on industry.

Objective: Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation and training opportunities to keep skills current.

Performance measures:

- Idahoans have access to a sufficient array of competitive financial products.

  Benchmark: Through the Department's licensing and examination processes, financial service products that comply with federal and state laws are available to Idahoans.

- Licensees under the Idaho Credit Code, Idaho Residential Mortgage Practices Act, and the Idaho Collection Agency Act, are examined by the Department to determine compliance with governing laws and rules.

  Benchmark: Annually conduct compliance examinations of 20 percent of the Department's mortgage licensees;

  Subject to priorities based on risk factors, resources, and the public interest, annually conduct routine compliance examinations of up to 10 percent of the Department's licensees under the Idaho Credit Code and the Idaho Collection Agency Act.

- Applicants and licensees under the Idaho Credit Code, Idaho Residential Mortgage Practices Act, and the Idaho Collection Agency Act use the Nationwide Multistate Licensing System (NMLS) for license applications and annual license renewals and learn of expanded NMLS functionalities as they are introduced.

  Benchmark: The Department regularly contributes information to and extracts information from the NMLS and communicates expanded NMLS tools and functionalities to licensees when introduced.

- Ensure the timely review and processing of license applications.

  Benchmark: License applications receive an initial review within 10 business days of receipt.

- Examiners participate in continuing education and certification programs.

  Benchmark: The Department regularly provides educational opportunities for all examiners in both state and federal regulations.

Goal #2: Protect consumers from financial fraud through timely enforcement of Idaho's mortgage, collection agency, and consumer credit laws.

Objective: Bring appropriate legal action against those violating mortgage and consumer credit laws.

Objective: Ensure consumers obtain appropriate redress for violations, to the extent possible.

Objective: Ensure applicants for licensing under consumer finance laws fully meet qualification standards of Idaho law.

Objective: Conduct examinations of licensees to ensure compliance with legal requirements.

Performance Measures:

- Conduct timely investigations into consumer complaints and other suspected violations.

  Benchmark: Disposition cases/complaints more than 6 months old are active investigations or closed or referred for legal action.

- Perform a comprehensive and timely review of materials submitted with licensing applications.

  Benchmark: Review licensing materials timely and issue any deficiencies, comments, or letters within statutory timeframes.

- Conduct "for cause" examinations of licensees when red flags are noted.

  Benchmark: Fraud and other prohibited practices are halted quickly.

- Conduct new licensee assessments.

  Benchmark: Conduct Policy and Procedures examinations within 18 months of licensure.

Goal #3: Promote the financial literacy of all Idahoans.

Objective: Provide Idahoans with financial information, tools, and opportunities to learn how to use credit wisely, save money, and avoid fraud.

Performance Measures:

- Provide speakers and consumer information to schools, senior centers, civic groups, and other interested groups to promote personal financial literacy.

  Benchmark: Ensure that financial literacy information is up to date and accurate and made available through various mediums including, but not limited to, the Department's website, social media, printed materials, and in-person presentations.

- Issue press releases or consumer alerts highlighting consumer protection issues in financial services.

  Benchmark: Issue a minimum of four press releases or consumer alerts each year that incorporate a financial educational component relating to mortgage lending, collections, or consumer finance.

Goal #4: Maintain a strong state financial services regulatory system.

Objective: Avoid federal preemption of state laws that results in a reduction of state authority and consumer protections.

Objective: Reduce regulatory burden to the extent possible without compromising consumer protections.

Performance Measures:

- Actively oppose federal preemption of state laws relating to financial services.

  Benchmark: Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves.

- Review statutes and rules to ensure requirements continue to be necessary.

  Benchmark: Review statutes and rules annually for ways to reduce regulatory burden.

- Develop and modernize the Consumer Finance Bureau's regulatory framework to be more responsive to industry innovation.

Benchmark: Participate in a Department-wide emerging technologies committee to address modernization needs.

Description of Performance Benchmarks

The Department uses four general categories of benchmarks in its Strategic Plan. The most frequently used benchmarks are those that dictate that a certain percentage of the time a particular result will occur. Example: "100 percent of state-chartered credit unions [were] examined within statutory timeframes." Benchmarks of this type were selected because: (1) a statute mandates a particular result, or (2) the benchmark represents the Department's expected, planned or intended result. This result is based on the Department's own experience, the experience of other regulators and an analysis of the specific resources available to the Department.

Other benchmarks set minimum targets that must be achieved. Example: "[A]t least one examiner has sufficient expertise in each significant product, service and technology used or offered by a financial institution to evaluate its risks and benefits." This type of benchmark assures that the Department is able to adequately regulate all products and services under its jurisdiction.

Benchmarks that require some action within a specific timeframe not mandated by statute have been determined based on the Department's own experience, the experience of other regulators and an analysis of the specific resources available to the Department. Similarly, some benchmarks will measure performance by comparing the number of times an action was taken versus the number of opportunities the Department had to take that action. Example: "Write letters, provide testimony and educate decision-makers about the negative consequences of preemption as opportunities present themselves."

The final type of benchmark is one that requires the Department to review the financial services marketplace or other non-numeric set of items or events to determine if the benchmark has been met. Example: "Idahoans are able to obtain financial services at a competitive price."

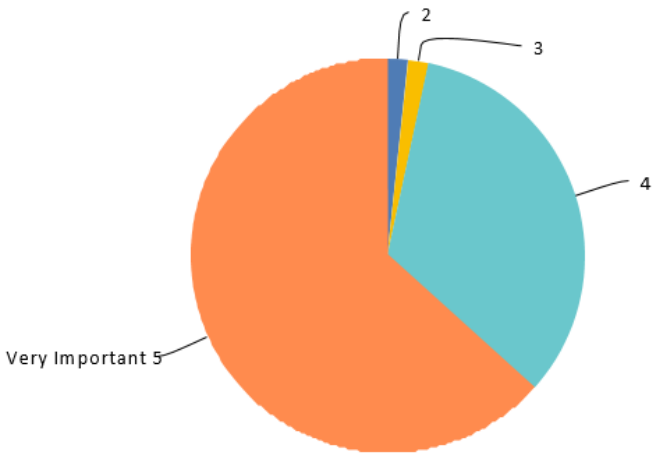
Appendix

2020 Stakeholder Survey

Performed Every 5 Years

Q1 How important is increasing financial literacy for all Idahoans?

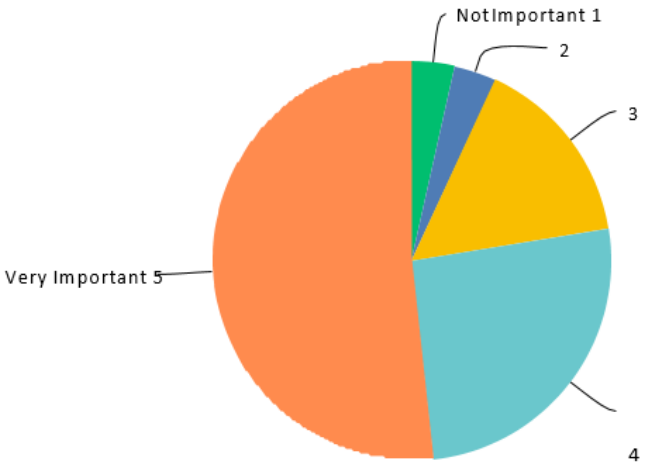
Answered: 60 Skipped: 1



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
0.00%	1.67%	1.67%	33.33%	63.33%		
0	1	1	20	38	60	4.58

Q2 How important is maintaining a state regulatory system for depository and non-depository financial services and avoiding federal preemption over state authority?

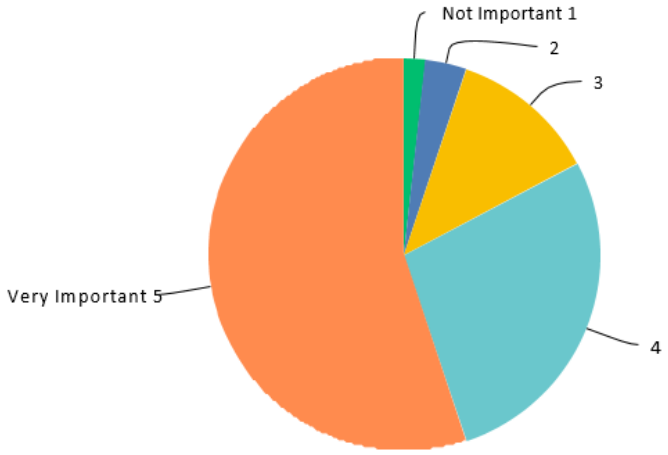
Answered: 58 Skipped: 3



NOT IMPORTANT1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
3.45%	3.45%	15.52%	25.86%	51.72%		
2	2	9	15	30	58	4.19

Q3 How important is balancing regulatory oversight with reductions in regulatory burdens.

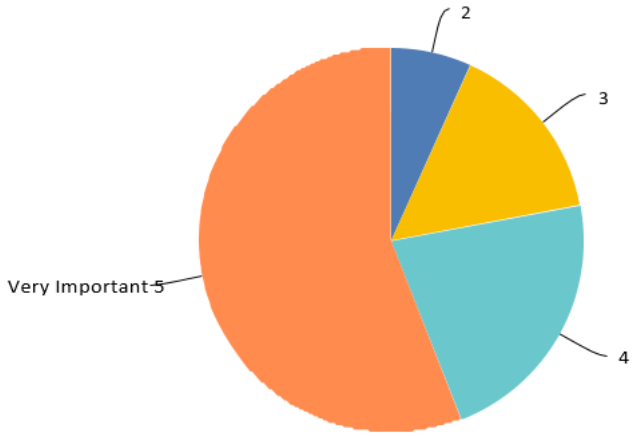
Answered: 58 Skipped: 3



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
1.72% 1	3.45% 2	12.07% 7	27.59% 16	55.17% 32	58	4.31

Q4 How important is coordination and cooperation between the Department and other regulators or state agencies?

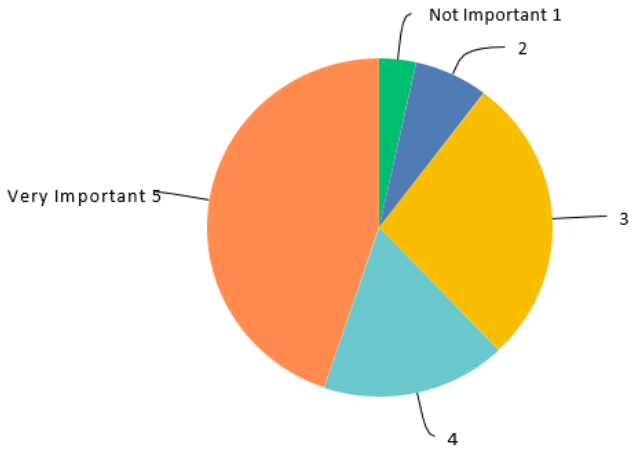
Answered: 59 Skipped: 2



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
0.00% 0	6.78% 4	15.25% 9	22.03% 13	55.93% 33	59	4.27

Q5 How important is it for the Department to obtain or retain national accreditation for the purpose of participating in coordinated supervision of depository and non-depository financial institutions?

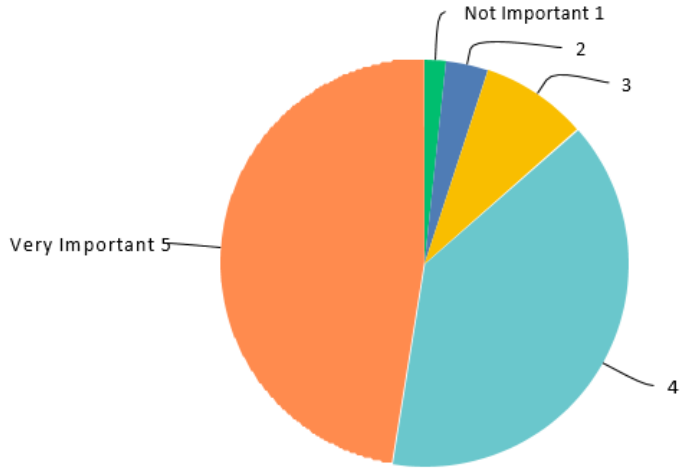
Answered: 58 Skipped: 3



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
3.45%	6.90%	27.59%	17.24%	44.83%		
2	4	16	10	26	58	3.93

Q6 How important is the appropriate allocation of staff to the supervision of various types of financial institutions and of new technologies used in financial services?

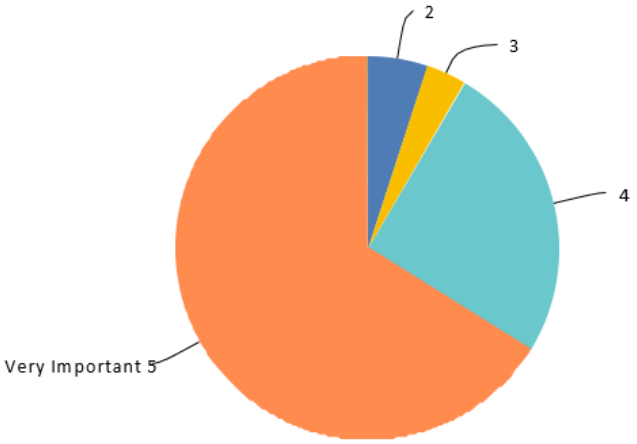
Answered: 59 Skipped: 2



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
1.69%	3.39%	8.47%	38.98%	47.46%		
1	2	5	23	28	59	4.27

Q7 How important is the Department's retention, recruitment, training and certification of professional staff?

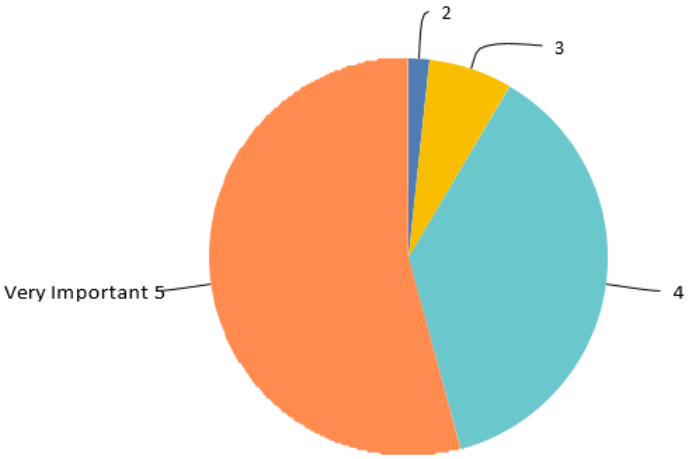
Answered: 59 Skipped: 2



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
0.00% 0	5.08% 3	3.39% 2	25.42% 15	66.10% 39	59	4.53

Q8 How important is the adoption of technology, such as automated reporting, examination systems, and licensing systems, in the supervision of financial services?

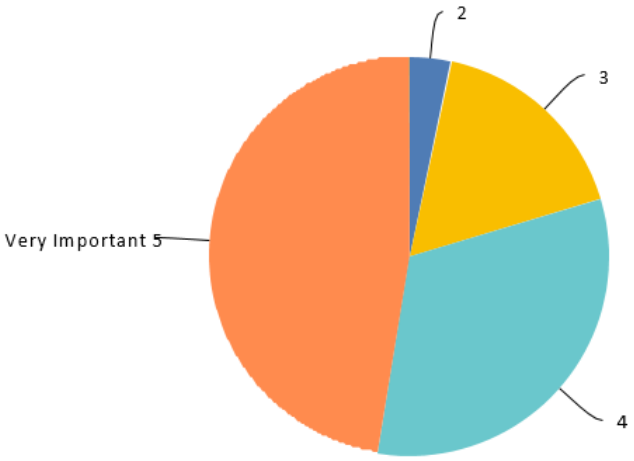
Answered: 59 Skipped: 2



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
0.00% 0	1.69% 1	6.78% 4	37.29% 22	54.24% 32	59	4.44

Q9 How important is monitoring and oversight of emerging technologies in the financial services sector?

Answered: 59 Skipped: 2



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
0.00%	3.39%	16.95%	32.20%	47.46%		
0	2	10	19	28	59	4.24