



**IDAHO**  
DEPARTMENT OF FINANCE

## *Safeguarding the Financial Health of Idaho*

Idaho Department of Finance  
FY 2023 – FY 2027 Strategic Plan

*July 1, 2022*

Idaho Department of Finance  
FY 2023 – FY 2027 Strategic Plan

Table of Contents

Mission Statement .....	1
Vision Statement.....	1
Values.....	1
I. Introduction .....	2
II. History and Organizational Structure .....	2
III. Key External Factors.....	3
IV. Key Internal Factors .....	7
V. Legislation, Rulemaking, and Policy .....	8
VI. Goals, Objectives, Performance Measures and Benchmarks	
A. Financial Institutions Bureau .....	11
B. Securities Bureau .....	14
C. Consumer Finance Bureau .....	18
Appendix: 2020 Stakeholder Survey.....	22

## 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.*

## Values

*The Department of Finance recognizes and embraces the values of Trust, Accountability, Empowerment, Collaborative, Adaptability, and Fairness, to guide how we work, make decisions, and guide our relationships with internal and external stakeholders.*



## **I. Introduction**

The Idaho Department of Finance (Department) is an executive state agency that oversees depository and non-depository financial service providers chartered or licensed in Idaho. We are dedicated to outstanding public service, professional standards and being a leader in promoting comprehensive financial services in Idaho. Promptness and accuracy are the touchstones of our operations. The Department is committed to providing services to Idaho’s citizens, the industries we supervise, the Legislature, the Governor, and our employees, that are timely and of the highest quality.

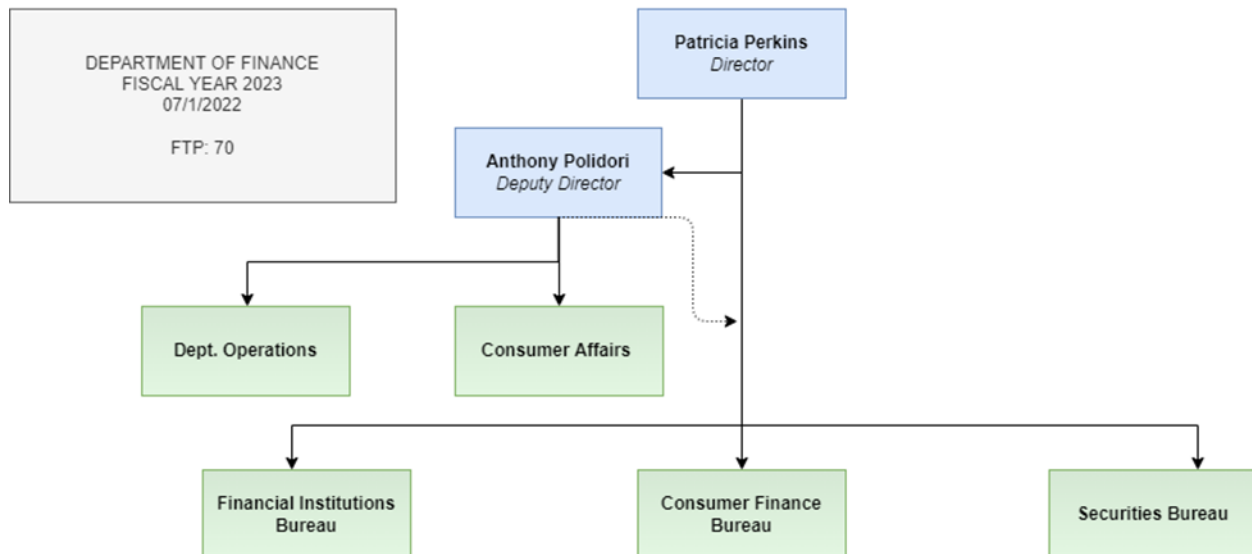
Each year, the Department reviews and updates its Strategic Plan. In doing so, the Department seeks input from Department employees, representatives of the industries it regulates, legislators, and consumers. The Department also performs a periodic stakeholder survey to obtain comments and feedback on 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 Department’s Strategic Plan is posted on the Department’s website where the public is encouraged to review the document.

## **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 over 200,000 financial service providers and products in 15 industries under 22 statutes. The Department’s Director is appointed by the Governor with the advice and consent of the Idaho Senate. The Department receives no general fund or tax revenues but is funded exclusively from fees paid by the regulated industries. For Fiscal Year 2023, the Department has an appropriated budget of \$10,059,400 and 70 full time positions, along with three Deputy Attorneys General and a paralegal assigned to the Department.

The Department is organized into three bureaus tasked with the oversight of various and diverse financial services, the Financial Institutions, Consumer Finance, and Securities Bureaus. All three bureaus are overseen and supported by the Department’s Administration and Supporting Services section.

### Dept. of Finance Organization Overview



### III. Key External Factors

During the past fiscal year, the Department completed its goal of relocating its office to the State of Idaho, Chinden Campus. This was accomplished while also managing through operational challenges that had persisted since the onset of the global pandemic and that are expected to continue into the next fiscal year. These challenges included continued implementation of remote work for staff conducting routine office functions, as well as the use of technology and virtual platforms to conduct supervisory activities with the Department’s chartered, registered, and licensed entities. The Department’s success in meeting its goals through the next fiscal year will rely in part on its involvement in the processes of networked supervision. Additionally, the Department’s efforts in preparing staff for the workplace of the future will have significant and positive impacts on meeting the Department’s objectives. A continued focus on the importance of training staff on technology advancements, in addition to recruiting new staff with familiarity of the technology trends in financial services, will equip the Department and its teams with the knowledge and skills needed to address innovation in the industries it oversees.

As discussed in our prior year’s Strategic Plan, the Department foresees continued innovation in technologies, both those in use by financial service providers and available to supervisory agencies such as the Department. We believe these innovations will be a key external factor impacting the Department’s ability to meet its goals during the strategic plan period. The Department has positioned itself to account for these innovations by adopting technologies that support its supervisory functions and that are scalable to the industries and activities supervised. The Department has also continued its research into third-party service providers (TSPs) and Financial Technology companies (FinTechs) that develop and deploy specific technologies for the delivery of financial services. Based on this, the Department will continue to prepare for and address technology trends that introduce risk into the market for financial services.

An additional key external factor faced by the Department and the state system of financial supervision is the constant encroachment by federal agencies on the supervision of financial services providers. To counter this, the Department continues to implement and support solutions that bring greater efficiencies to its supervision practices. In addition to adopting and consistently seeking enhancements to automated processes used in supervision, various Department programs have participated in networked supervision activities that leverage cooperation among state financial regulators. These practices support our goal of continually seeking balanced methods to reduce regulatory burdens on service providers. Furthermore, as discussed in Section V, Legislation, Rulemaking, and Policy of this Strategic Plan, the Department can take steps to modernize existing statutes that apply to specific segments of the financial services market, thereby countering actions taken by federal agencies to preempt state oversight of those services.

Finally, the economic outlook at the state, regional, national, and global levels are expected to impact the services and products offered by the Department's supervised entities. Geopolitical tensions and the existing conflict in Ukraine are expected to have continued impact on commodity prices and input costs. Current levels of inflation, which are exacerbated by supply chain issues that reduce the availability of commercial and capital goods, have diminished the purchasing power of Idahoans and adversely affected businesses. Additionally, the current costs of housing and increasing interest rates have impacted all Idahoans, including our own staff. While changes to overall economic and regulatory policies at the federal level could have positive effects on these factors, absent clear policy actions to address these issues the Department must be prepared to account for potential service disruptions related to economic conditions.

All these external factors require a workforce and resources that will support the Department's mission. A discussion of the work of the Department's bureaus relative to these and other factors, along with the needs of the Department and its bureaus, are described in greater detail directly below and in Section IV, Key Internal Factors.

#### **A. 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, credit union service organizations, trust companies, third party technology service providers, and business and industrial development corporations. The Bureau assesses the condition of these institutions so the public can have confidence in the financial system, and so the interests of depositors, creditors, and shareholders are protected. In addition, the Bureau assesses the adequacy of information technology safeguards and the cybersecurity risk of financial institutions to ensure data integrity, confidentiality, and availability. The Bureau works closely with federal and other state regulators to provide regulated industries with seamless supervision, minimal disruption and cost, and effective use of resources. The Bureau also investigates complaints against state-chartered financial institutions filed with the Department. The Bureau maintains qualified and experienced staff to oversee traditional financial services; however, disruption to these services, resulting from changing technology, requires the Bureau to attract and develop talent with competencies necessary to address emerging technologies.

Although Idaho's communities and financial institutions have exited conditions directly related to the pandemic, they now face external factors that are either related to the pandemic's effects on the economy or related to other global and domestic factors. In addition to those identified earlier, these factors include the Federal Reserve Board's commitment to address inflationary pressures through what is anticipated to be a historically high pace of interest rate increases. Rising market rates will generally improve net interest margins for financial institutions. However, continued increases to market rates can adversely impact the profitability of financial institutions. Along with this concern is that the high cost of residential housing, the limited supply of inventory, and increased cost of borrowing for potential homeowners cause both affordability issues for homebuyers and may lead to households deferring home purchases, reducing the opportunities for financial institutions to realize anticipated net interest margin increases. Additionally, continued tight labor markets will result in ongoing growth of nominal wages, increasing the wage expenses for Idaho businesses, including financial institutions. Finally, delinquent and non-accrual loan levels have increased, returning to historic norms. This factor may increase the costs to service non-performing loans while impacting credit availability and financial institution performance.

The increasingly active cybersecurity threat environment requires financial institutions to remain vigilant in protecting consumer data and safeguarding proprietary processes. Additional costs and resources may be required of our institutions to manage cybersecurity risk going forward. Financial institutions face difficulty attracting qualified personnel due to the strong competition within the market, which is further exacerbated by rising wages. The Financial Institutions Bureau also faces difficulty procuring and retaining talent with the necessary competencies to effectively carry out the mission of the Department and oversee emerging technologies.

Industry consolidation and reduction in the number of Idaho state-chartered financial institutions remains a significant concern for the Department. Furthermore, industry disruption through the advancement of new technology and nontraditional competitors entering the market pose increased risk. Finally, federal regulators remain aggressive in preempting state authority and pose a significant risk to the dual banking system.

## **B. 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, or money services businesses, which are 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.



Many of the same external economic factors stated earlier are anticipated to have impacts on the entities overseen by the Bureau. Over the next fiscal year, the Bureau's focus on those impacts will be commonly centered around their effect on the consumers who utilize the services of those entities. The Bureau also expects that a trend in the growth the number of securities registrations and money transmission license applications will continue substantially into Fiscal Year 2023. These factors will place additional strain on the Bureau's ability to meet its objectives. Much of the Bureau's oversight is conducted through routine supervisory activities, such as examinations and review of registrations, applications, and offerings submitted to the Bureau. Further, a significant portion of its oversight also involves the investigation of complaints filed by Idahoans, often requiring the Bureau to investigate entities operating on a national or multi-national level. Therefore, the Bureau is committed to implementing efficiencies where possible using automation and networked supervision activities or increases in skilled staff capable of furthering the Bureau's mission. Additionally, the Bureau will seek methods to reduce administrative burdens on financial service providers, as well as the Bureau, through the modernization of the Idaho Money Transmission Act (discussed in greater detail in Section V).

In the past, the Bureau observed unprecedented efforts by federal agencies to reduce regulation in the securities industry that has resulted in further preemption of state securities authority. These efforts are anticipated to continue and to extend to preemption of the states' oversight of FinTech and cryptocurrency investments. This may include federal changes to the definition of a security to include cryptocurrency or the extension of federal regulation categorizing such assets as commodities. Although the Bureau believes that both federal and state policies are needed to account for the oversight of these markets and products, the Bureau also believes the Department is best situated to address the concerns of Idahoans who may be negatively impacted by trends and activities in this area. The Bureau is committed to being nimble in its oversight and attentive to trends in the markets, including the advancement of new regulations at the federal level.

The Bureau remains committed to the diligent scrutiny of innovations in financial products and services due to the potential for fraud and exploitation, including money laundering and financing illicit activities. 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**

The Consumer Finance Bureau licenses and supervises financial service providers pursuant to the Idaho Residential Mortgage Practices Act, the Idaho Collection Agency Act, and the Idaho Credit Code. In administering these laws, the Bureau oversees a diverse field of consumer finance and credit services entities. These include mortgage service providers, regulated and payday lenders, collection agencies, credit or debt counselors, credit repair organizations, and debt settlement services.

The goal of the Bureau is to assure the availability and quality of consumer financial services and lawful debt collection practices. In addition to the various forms of traditional consumer financial and credit services, the Bureau oversees companies that are currently using innovative



technologies to provide services. These include electronic platforms using technology services, rather than individual interactions, to originate, decision, and fund consumer and mortgage loans. Furthermore, 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.

As with the Financial Institutions and Securities Bureaus, the economic conditions discussed previously are anticipated to have an impact on mortgage services overseen by the Bureau. Of significance, home valuation and inventory trends, along with rising interest rates, expose consumers to a potential loss of services as large mortgage service providers trim operations to account for reduced mortgage origination activity. During similar economic conditions experienced over the past 40 years, such market changes have often resulted in an increase of the number of smaller sized mortgage companies that offer mortgage services, albeit at higher costs in terms of both fees and interest rates. Because of this, the Bureau expects that the submission of license applications for mortgage services will continue at historically high volumes into Fiscal Year 2023. However, federal actions that had previously resulted in a contraction of the mortgage broker industry are still in place, leaving a concern for the Bureau as to whether a wide range of service options will be available to consumers seeking residential mortgage loans.

Similar concerns exist in the market for consumer loan products, where rising interest rates may lead to a contraction of service providers, negative impacts on the features of consumer loan products, and a loss in quality of services. In past years, such conditions resulted in the emergence of more small non-depository lenders that could offer loan products at higher rates and fees, while still meeting the borrowing needs of consumers. However, recent federal regulations have increased the compliance costs of engaging in such business, which may result in a gap in consumer loan availability between those most able to qualify for loans from traditional sources and those who cannot. As a result, the Bureau will continuously monitor these industries and seek methods to promote access to consumer finance products. These methods can include increasing efficiencies in its supervisory processes and reducing the regulatory costs to entities operating in Idaho.

The Bureau anticipates continued growth of technology applications that use artificial intelligence to provide front end services to consumers. Also, the use of machine learning in consumer lending may result in more automated loan decision-making based on non-traditional credit factors. These trends will require the Bureau to maintain a staff sufficiently trained in areas of cybersecurity and financial technology. Dedicated cybersecurity and technology examiners with targeted education will enhance the Department's ability to foster innovation and maintain modern financial services availability to Idahoans.

#### **IV. Key Internal Factors**

As the Department has transitioned into post-pandemic operations, we have retained some of the operational changes that supported our organization through that period. These include continued levels of employee telecommuting and remote examination activities, as well as variations in shift flexibility. It is the Department's observation that these pandemic-era operational activities

provide our staff with a greater ability to achieve a work-life balance. These are one set of measures the Department has adopted to address the key internal factor of staff retention. External factors such as housing affordability and overall increase in cost of living in the local area have also caused staff retention challenges. In the past 12 months, 67% of employees who voluntarily separated (non-retirement) from the Department cited increased compensation, often combined with housing unaffordability, as one of their primary reasons for leaving the Department. Retention is particularly important to the Department as financial examination is a highly specialized career field which requires significant time invested in training and developing the knowledge and skills of examiners. New examiners start with basic competencies and take between three and five years to reach the level of knowledge and experience that is optimal for carrying out the Department's regulatory functions. Ensuring that staff have the resources they need to perform their duties effectively and providing training and other professional opportunities to our team members so that they feel valued and supported are additional steps the Department will take to enhance retention.

As discussed in our Fiscal Year 2022 Strategic Plan, the Department experienced a significant change in staffing among its senior and leadership positions in 2020. Through the subsequent years the Department has been dedicated to maintaining a solid foundation for capable leadership in the future. The Department has a succession plan in place and focuses on the continuous development of leadership skills among our managers and staff. Leaders who focus on results, who collaborate with industry, other regulators, and stakeholders, who cooperate internally, and who continually strive for excellence will carry out the Department's mission.

The Department maintains accreditation in financial examination competency through Conference of State Bank Supervisors (CSBS) and National Association of State Credit Union Supervisors (NASCUS). This occurs every five years and requires that we maintain our examiners' competencies, update personnel policies, legislation and prepare in many other ways to successfully reaccredit Banking, Credit Union, and Mortgage Sections and requires the substantial involvement of key staff. Over the next five years, the Department will also seek accreditation of its money services business program. The Department is committed to appropriate planning, preparation, and efficient execution of each of these projects' milestones to lessen impacts on 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 2022.

## **V. Legislation, Rulemaking, and Policy**

The Department regularly meets with Legislators and policy makers, consumer representatives, and industry associations, to discuss the existing statutes, rules, policies, and guidance, that apply

to the financial services supervised by the Department. Over the Strategic Plan period, the Department anticipates it may receive various proposals from stakeholders seeking changes to policies relative to those industries, whether in the form of legislation or rulemaking. Additionally, the Department foresees that it may proactively initiate changes to policies, whether through legislative proposals or rulemaking, to address emerging issues within financial services markets. The purpose of any future proposals would be to positively impact consumers' ability to protect their financial assets and the ability of markets to operate efficiently. Furthermore, the Department foresees the potential need to provide formal guidance related to existing policies for the purposes of providing greater transparency to all stakeholders. Such guidance, if necessary, would not have the effect of laws or rules and would only be adopted to provide clarity as to how the Department applies existing laws and regulation, in compliance with the Governor's Order on *Transparency in Agency Guidance*, Executive Order # 2020-02.

In Fiscal Year 2023, the Department will seek to propose legislation to streamline licensing processes for Consumer Financial Services. This potential legislation would amend the Idaho Credit Code to implement standards for licensing utilizing an electronic system. The system would automate various licensing processes and eliminate the need for the Department to maintain dual licensing processes (i.e., using both paper-based license applications and electronic license applications). The Department also anticipates proposing legislation to amend the Idaho Trust Institutions Act to enhance market competition by removing barriers to entry for certain trust business activities. Finally, the Department will seek to propose changes to modernize the Idaho Money Transmitter Act (IMTA). The IMTA was first adopted in 1994 and the last substantive amendments made to the Act were enacted in 2005. Since that time, the market for money transmission services has changed dramatically, to include a growth in the number of multi-national companies operating within Idaho and across the nation. As the IMTA, along with similar laws in various states, has not kept up with these market changes, pressure has grown at the national level to preempt state supervision of these services. It is the Department's position that the state system of supervision remains the best means to protect consumers who utilizes such services at all levels. Therefore, the Department has worked in coordination with similarly situated states to develop and implement a model money transmission legislative proposal. The model legislative proposal would replace the IMTA, having the effect of standardizing licensing and supervision requirements for money transmission services across the state system. The intended result of the adoption of a model act would be the reduction of regulatory burdens and regulatory inconsistencies faced by participants in the money transmission industry that operate in multiple states.

In this fiscal year the Department will begin its efforts to comply with the Idaho Governor's Order relating to *Zero-Based Regulation*, Executive Order # 2020-01. The Executive Order requires state agencies with five or more rule chapters to conduct an ongoing review process of its rules. Although the Department has substantially eliminated unnecessary rule chapters over the course of the last fiscal year, now only administering three rule chapters as of the beginning of Fiscal Year 2023, it will proceed with an ongoing rule review as planned during Fiscal Years 2023 and 2024. By doing so, the Department will continue to uphold its responsibilities under the Executive Order and under the Idaho Administrative Procedures Act.

The Department also anticipates that legislation related to digital assets and their use in financial services may be introduced by third parties during the 2023 Legislative Session. The Department will closely monitor legislative proposals relative to this issue throughout the Fiscal Year. For Fiscal Years 2024 – 2028, the Department anticipates that it will seek legislative proposals to make updates to the Idaho Uniform Securities Act as changes in federal law and regulation may impact the existing statute. During that period, the Department will also continue its involvement with industry associations, consumer groups, and other stakeholders to identify other possible amendments to the laws overseen by the Department that address suitable public purposes.

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## VI. 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 and members of financial institutions.

*Objective:* Assist financial institutions' management in establishing effective risk management policies and procedures.

*Objective:* Maintain a sufficient number of experienced and professionally competent staff by providing competitive compensation, training opportunities and effective management 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 in the private sector or 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 innovative financial products, services, and technology.

*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.

- 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, specifically trust, information technology, BSA, compliance and capital markets.

**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 state chartering system for banks and credit unions.

*Objective:* Actively oppose federal preemption that results in a reduction of state authority and consumer protections.

*Objective:* Provide 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:* Collaborate with other state counterparts to write letters, provide testimony, and educate decision-makers about the negative consequences of federal preemption and overreach.

- 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 to innovation and to become a regulator of choice for industry.

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



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## 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 registration, licensure, and compliance of all entities and persons coming under the jurisdiction of the Idaho Uniform Securities Act, Idaho Endowment Care Cemetery Act, Idaho Money Transmitters Act, and the Idaho Escrow Act.

*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 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 incorporate essential modernization, 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 can 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

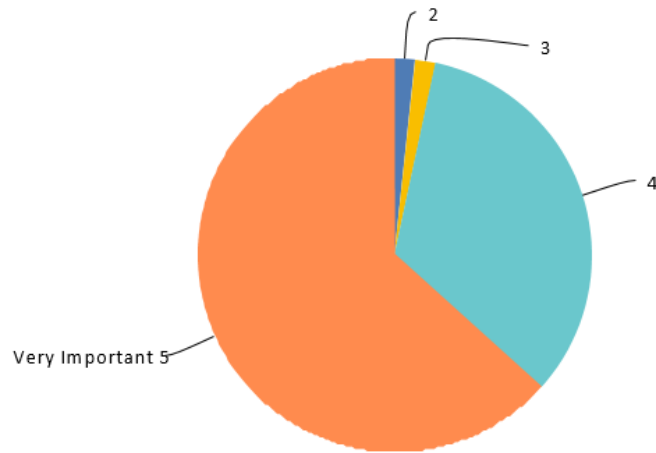
## 2020 Stakeholder Survey

Performed Every 5 Years

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 telecommuting, flexible scheduling, and other options that promote work life balance will 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 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.

Q1 How important is increasing financial literacy for all Idahoans?

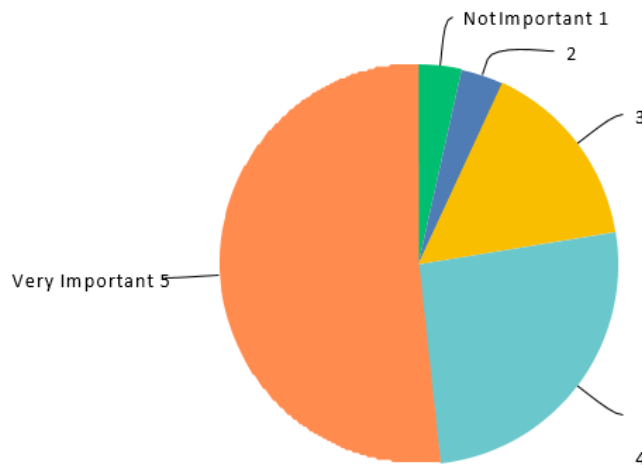
Answered: 60 Skipped: 1



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

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

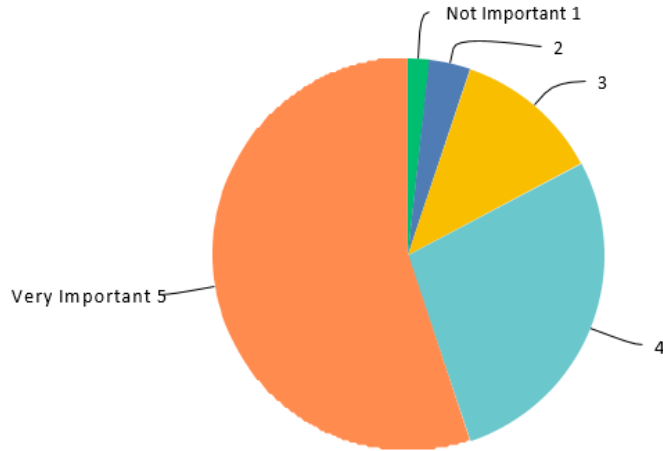
Answered: 58 Skipped: 3



NOT IMPORTANT 1	2	3	4	VERY IMPORTANT 5	TOTAL	WEIGHTED AVERAGE
3.45%	3.45%	15.52%	25.86%	51.72%	58	4.19
2	2	9	15	30		

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

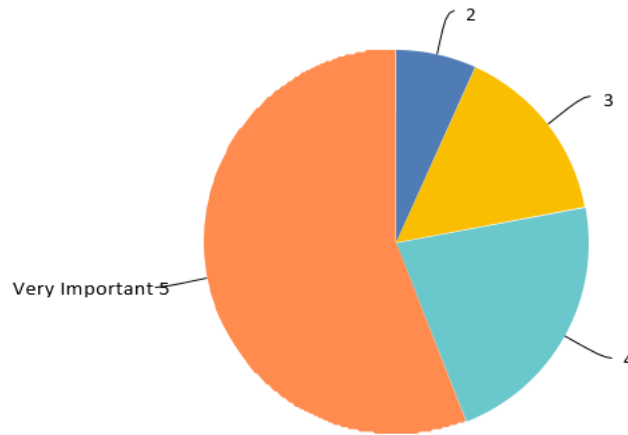
Answered: 58 Skipped: 3



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

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

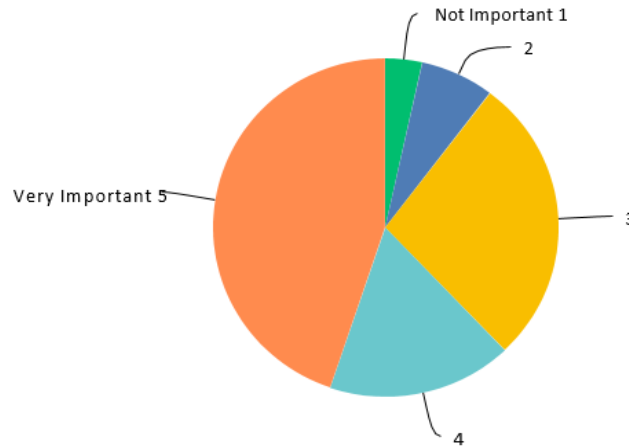
Answered: 59 Skipped: 2



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

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?

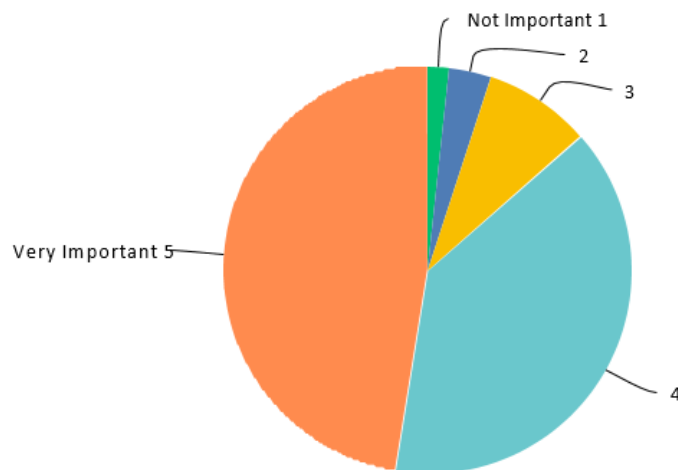
Answered: 58 Skipped: 3



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

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?

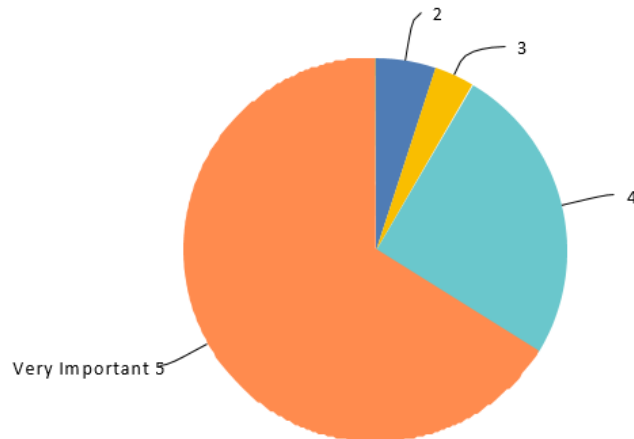
Answered: 59 Skipped: 2



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

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

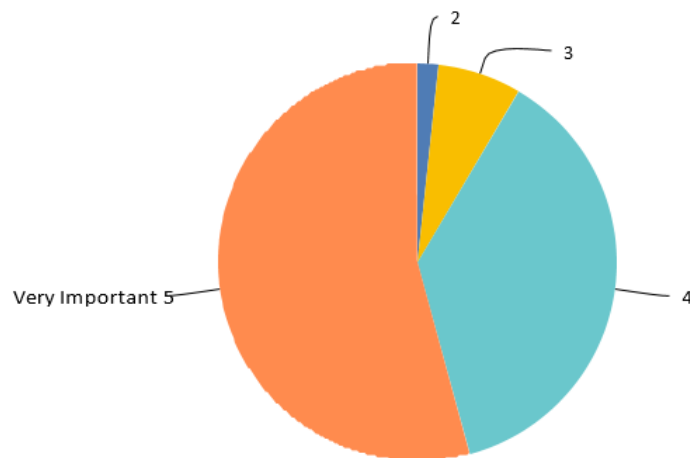
Answered: 59 Skipped: 2



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

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

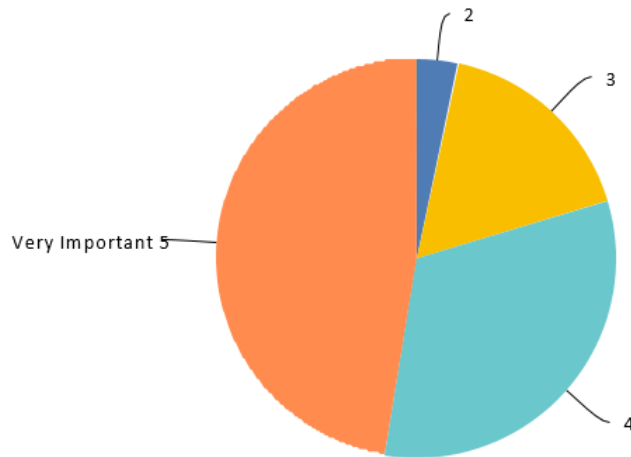
Answered: 59 Skipped: 2



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

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