



IDAHO
DEPARTMENT OF FINANCE

Safeguarding the Financial Health of Idaho

Idaho Department of Finance
FY 2024 – FY 2028 Strategic Plan

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Idaho Department of Finance FY 2024 – FY 2028 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.

Values

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



Executive Summary

The Idaho Department of Finance (Department) Strategic Plan (Plan) covers a five-year period from the beginning of Fiscal Year 2024 to the end of Fiscal Year 2028. The Plan is intended to provide our stakeholders with better insight into the Department's current and planned operations, including:

- Qualitative information regarding the Department's mission and how the Department is organized to accomplish that mission.
- Identification of key external and internal factors that may have an impact on the Department's ability to achieve its overall goals and objectives.
- A description of the Department's overall goals and objectives, along with benchmarks used to determine the Department's success in accomplishing its mission.

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 conducts 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.

Introduction

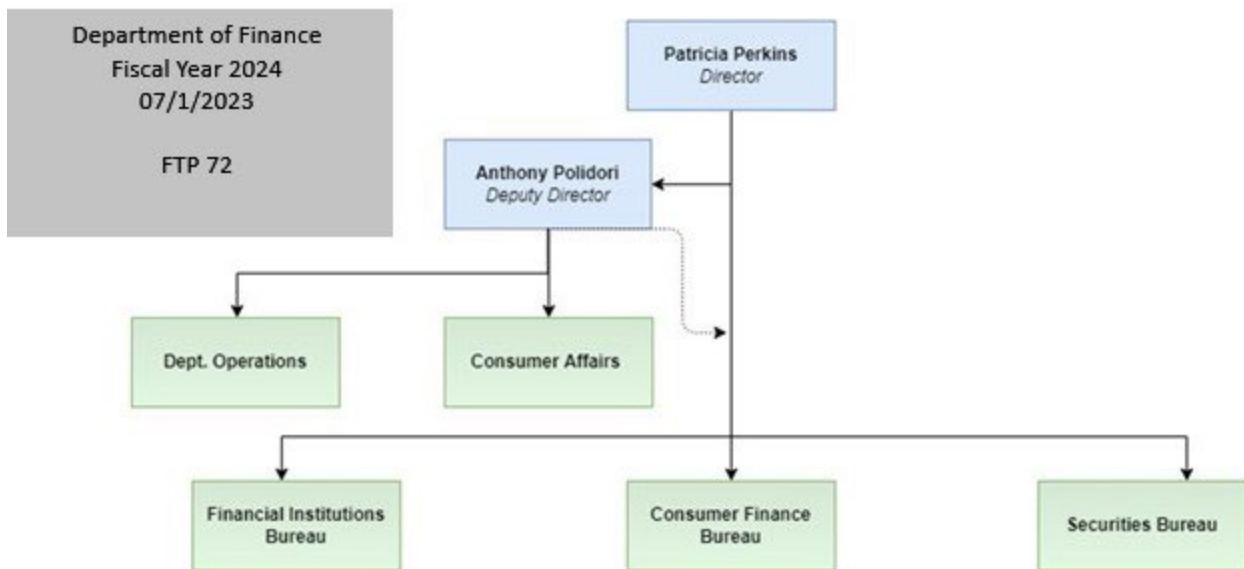
The Department is an executive state agency that oversees depository and non-depository financial service providers chartered, licensed, or registered in Idaho. We are dedicated to outstanding public service, professional standards and being a leader in promoting comprehensive financial services in Idaho. 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.

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 220,000 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 funds or tax revenues but is funded exclusively from fees paid by the regulated industries. For Fiscal Year 2024, the Department has an appropriated budget of \$10,722,500 and 72 full time positions, along with three Deputy Attorneys General and a paralegal assigned to the Department.

Organizational Structure

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 section. Each Bureau is further organized within program areas to manage the supervision of various types of financial services entities they oversee.

Dept. of Finance Organization Overview



Administration

The Department’s Administration section consist of the Department Director, staff assigned as operational support for the Department, and staff assigned to special programs that support the Department’s mission. Operational support includes the maintenance of the accounting system and records for the Department; 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. Special programs include the Department’s Consumer Affairs program that manages public outreach and consumer education activities.

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.

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. Besides its supervisory activities, the Bureau is also 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 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.

Key External Factors

During the past fiscal year, the Department monitored and responded to multiple emerging issues in the financial services markets. Key among these, the financial failure of certain service providers offering exchange and trust services for digital assets. The business failures observed followed an increase in the number of financial services organizations offering products and service involving digital assets, using digital assets as a means of exchange, or as a store of value. These emerging issues were contemplated in our past strategic planning exercises, putting the Department in the position to adopt appropriate responses to such issues quickly. We believe that through our communications with industry relative to the issue of digital assets, the Department is well positioned to manage similar events in the future.

However, over the next five years, the Department faces several external factors that may affect its ability to oversee the financial services markets. Some of these factors are:

- Future events that may impact the health and safety of Idahoans and the financial institutions that serve them. Among external factors considered are possible future pandemic events, weather related events, or infrastructure failures, which may disrupt many aspects of the economy and society, such as employment, income, consumer spending, business activity, health care, education, etc. These pose challenges for the Department in terms of ensuring the safety and soundness of the financial institutions it regulates, as well as providing adequate consumer protection and education in a rapidly changing environment.
- Government policies and regulations at the federal and state level that revise or impose new requirements or restrictions on the financial services industry. For example, the Department may be placed in the position to determine the appropriate regulatory approach to new rules or standards established by the federal government that directly conflict with the will of the state legislature. Furthermore, the industries for cryptocurrencies and digital assets lacks meaningful government policies or regulations that apply across jurisdictions. This makes supervision of the conduct of entities at the state level more difficult because of the lack of uniform policies applied at a national level.
- Technological innovations and trends that create new possibilities or threats for the financial services industry. For example, the Department will need to adapt to or monitor the emergence and adoption of artificial intelligence, blockchain, cloud computing, biometrics, etc., which offer new ways to improve efficiency or quality, but that also pose potential ethical or social issues, as well as risks to data security and integrity.

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 is described in greater detail directly below and in "Key Internal Factors."

Financial Institutions Bureau

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. Financial institutions face difficulty attracting qualified personnel due to the strong competition within the market, which is further complicated 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.

Securities Bureau

The increasing development and use of digital and emerging technology in the financial services arena will make cybersecurity and financial technology (FinTech) core issues for the Bureau. The adoption of FinTech innovations in the securities industry is changing the business models and operations of entities, while concurrently consumers are becoming more reliant on FinTech and digital solutions. These innovations will alter how companies and consumers interact with each other, participate in financial markets, manage compliance, and protect against fraudulent activity. Moreover, the digitization of financial services infrastructure is expanding the cybersecurity threat landscape, and as a result, the Bureau expects cyber fraud risks to continue to grow. Funding for training, recruiting, and retaining the necessary personnel to properly monitor cybersecurity and FinTech issues will be necessary for the Bureau to effectively oversee these emerging trends.

Schemes implemented to defraud Idaho consumers are a constant external factor the Bureau must address. One priority for the Bureau is the protection of seniors from financial exploitation. Idaho's senior population is growing rapidly, and they are a prime target for con artists and other bad actors because of the money and assets they accumulate during their lives. Seniors also frequently receive financial pressure from caregivers and family who take advantage of their relationships for personal gain. To ensure the financial safety of Idaho's seniors the Bureau will look to partner with key agencies and stakeholders and use its finite investigative resources to protect seniors from financial exploitation.

Federal preemption of state securities authority remains an important factor for the Bureau to navigate and we anticipate that preemption efforts will continue to be present in the digital asset and FinTech spaces. This may include federal policymakers defining, categorizing, and creating regulatory frameworks for specific digital assets such as cryptocurrencies or stablecoins. 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 these areas. The Bureau is committed to being agile in its oversight and attentive to trends in the markets, including the advancement of new regulations at the federal level.

Consumer Finance Bureau

The Bureau must continue to monitor and react to the rapid development of technology that uses artificial intelligence and machine learning to offer financial services to consumers. This requires having a well-trained staff in cybersecurity and FinTech. The Department will benefit from having specialized examiners in these areas to support innovation and modern financial services for Idahoans.

The Bureau continues to face challenges in the mortgage and consumer loan markets, where rising interest rates may affect the availability and quality of services for consumers. In the past, similar economic conditions have led to the emergence of smaller mortgage and consumer loan providers, and more expensive loan products. However, current federal regulations may continue to discourage such providers from entering the market, leaving a gap in consumer finance options. The Bureau will continue to monitor these industries closely and look for ways to improve access to consumer finance products. This may include making its supervisory processes more efficient and reducing the regulatory costs for entities operating in Idaho.

Key Internal Factors

During the prior fiscal year, the Department finished its move to a new office location, completing a multiyear project to relocate its operations to the State's Chinden Campus. While completing this move, we recognized that the benefits of flexibility in scheduling some element of remote activities provides our staff more tools to achieve a work-life balance. Such flexibility is just one set of measures the Department has adopted to address the key internal factor of staff retention. Staff 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.

The Department also faces several additional internal factors that may impact its performance and effectiveness in completing its mission. Some of these factors are:

- Its organizational strengths and weaknesses, which determine how well it can fulfill its mission and vision. For example, a strength of the Department is its experienced and dedicated staff, who have the knowledge and skills to oversee and enforce the laws and rules governing the financial services industry. A weakness of the Department is its limited budget and resources, which may constrain its ability to keep up with the changing and complex environment of the industries it oversees.
- Its organizational culture and values, which influence how its employees and leaders behave and communicate. For example, a positive aspect of the Department culture is its commitment to trust and accountability, which fosters respect among its stakeholders. An area of concern, however, is the tendency of any organization to rely on the status quo, which may hinder its adaptability and responsiveness to new challenges or opportunities.
- Its organizational resources and capabilities, which enable or limit its actions and strategies. For example, a valuable Department resource includes its data and information systems, which provide it with timely and accurate data on the financial services industry. These systems must always be up to task, as they support our critical capability to collaborate and coordinate with other regulators both within and outside the state.

These internal factors may create advantages or disadvantages for the Department in achieving its goals and objectives. The Department will continue to leverage its strengths and address its weaknesses by developing and implementing appropriate strategies and actions that can improve its performance and effectiveness. The Department will also monitor and evaluate these factors regularly to ensure that they are still relevant and accurate. Furthermore, we will remain open and willing to learn from our experiences and feedback we obtain and will embrace change and innovation that benefits our organization and our stakeholders.

Legislation, Rulemaking, and Policy

Our leadership and staff regularly meet 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 2024, 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 utilize 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. Additionally, in Fiscal Year 2024 the Department will seek to propose changes to the Idaho Uniform Securities Act. These amendments would remove inconsistencies in provisions relative to registrants' marketing activities that apply across state jurisdictions and to enhance consumer protections for elderly consumers. Finally, in this fiscal year the Department will also be completing its responsibilities to comply with the Idaho Governor's Order relating to *Zero-Based Regulation*, Executive Order # 2020-01.

In subsequent fiscal years, the Department anticipates it will introduce amendments related to policies and standards established in the Idaho Credit Code (ICC) and Idaho Residential Mortgage Practices Act (IRMPA). In the case of the ICC, The Department may seek to amend the ICC to implement standards for licensing utilizing an electronic system. An electronic licensing 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). In the case of the IRMPA, the Department may see to amend the Act to include provisions that currently exist in Rule, thereby allowing for the possible elimination of a Rule chapter. The Department also anticipates future 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 believes that over the next two fiscal years, it will work closely

with stakeholders in the financial institutions sector to arrive at meaningful updates to the Idaho Bank Act and Idaho Credit Code.

The Department also anticipates that legislation related to digital assets and their use in financial services may be introduced by third parties during the 2024 Legislative Session. The Department will closely monitor legislative proposals relative to this issue throughout the Fiscal Year. We will also continue our 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.

Key Strategic Measures

To address the external and internal factors discussed above, the Department has developed significant strategic goals and objectives for each functional Bureau, as detailed in “Goals, Objectives, Performance Measures and Benchmarks” section of the Strategic Plan. In addition to those goals, the Department has engaged its staff and stakeholders in enumerating its key organizational values, as listed on page one, and has aligned its priorities with its mission, vision, and values.

Furthermore, the Department has identified several priorities for the Strategic Planning period not captured directly within its Goals and Objectives, but that serve to support each. These include:

- Consistently and successfully implementing statutory requirements by
 - Providing clear guidance to industry and consumers when facing changing financial services landscapes.
 - Seeking opportunities to bring statutes current with today’s financial services and delivery methods.

- Continuously improving process speed, accuracy, and functions by
 - Responding quickly to constituent concerns.
 - Bringing an attitude of excellent customer service into our work culture.

- Continuously developing the Department’s culture by
 - Engaging in meaningful communications internally through our regular meetings and weekly reports.
 - Remaining open to possibilities that not only improve performance, but that provide greater work-life balance for our staff, such as hybrid scheduling.

- Building upon our relationships with our stakeholders by
 - Openly engaging the members and associations that represent the industries the Department oversees.
 - Strengthening our relationships with our sister agencies, our State of Idaho partners, and most importantly, our own staff.



One example of where the Department relies upon these priorities to support its overall mission is the work currently being done in the Securities Bureau. Throughout the fiscal year, the Bureau will be engaging with stakeholders and constituents to develop innovation labs that are intended to address key external factors facing the investing public and the Department.

In further support of these priorities, the Department maintains accreditation in financial examination competency through the Conference of State Bank Supervisors (CSBS) and the 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 2023.

Goals, Objectives, Performance Measures and Benchmarks

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 more than 15% of examiner staff separate from 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.

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- 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 their area of expertise, specifically trust, information technology, BSA, compliance, capital markets, commercial lending, and agricultural lending.

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.

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.

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- 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 six 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.

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 by ensuring participants in the financial services industry are properly licensed, where required, and comply with applicable Idaho laws.

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

Objective: Maintain an 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 the Department's mortgage licensees, engaging a review of new licensees beginning business in the state within 24 months of licensure. Examinations will be based on risk factors, resources, and the public interest. The Department will Accept or Leverage another state's examination through the State Examination System (SES) where appropriate to reduce burden on the industry.

Benchmark: 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. Examinations will be based on risk factors, resources, and the public interest.

- 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.

Benchmark: Participate in the auto-renewal process where applicable for licensees utilizing NMLS.

- 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: Send initial contact on assigned complaints within 14 days from date of assignment to the Bureau. Examiners will follow-up with complaint subjects on information requests if not received after two weeks, and review response submissions within two weeks of receipt. When appropriate, a legal referral will be submitted for review by the Bureau Chief.

- 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 examinations of licensees when red flags are noted.

Benchmark: Investigations or examinations are scheduled timely and 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.

Benchmark: Participate in the continued development of Networked Supervision and Multistate Enforcement Protocols through regulatory associations and affiliates.

- 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. Provide education for examiners on emerging technologies when available.

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

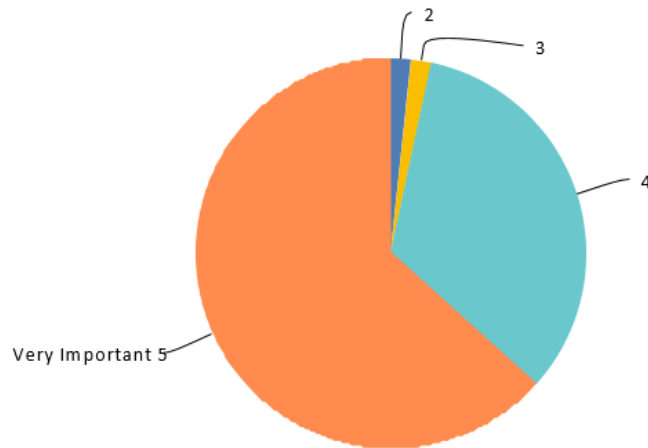
2020 Stakeholder Survey

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?

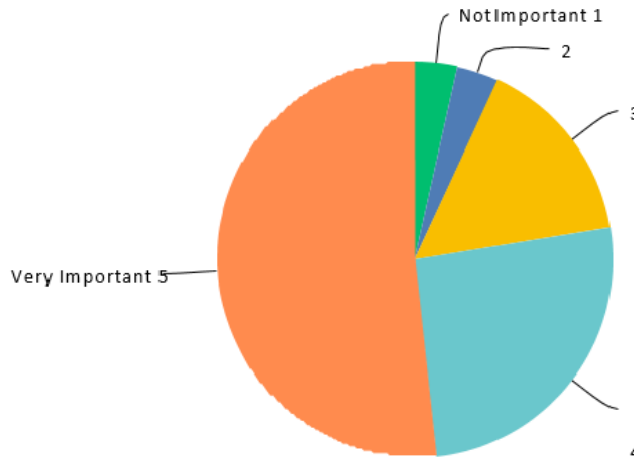
Answered: 60 Skipped: 1



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?

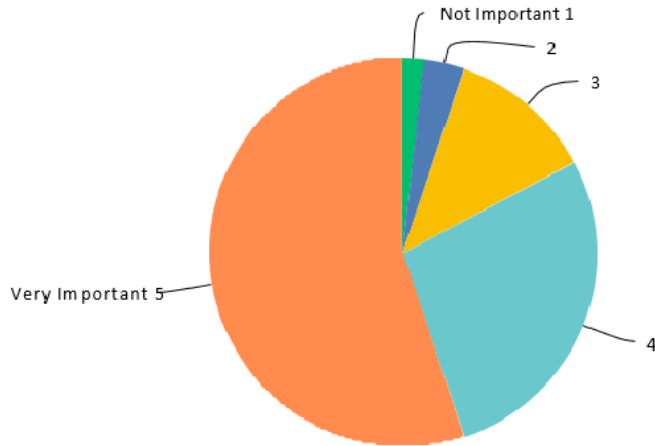
Answered: 58 Skipped: 3



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.

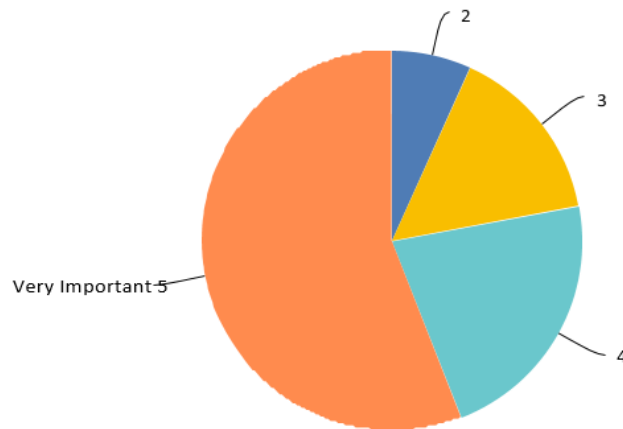
Answered: 58 Skipped: 3



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?

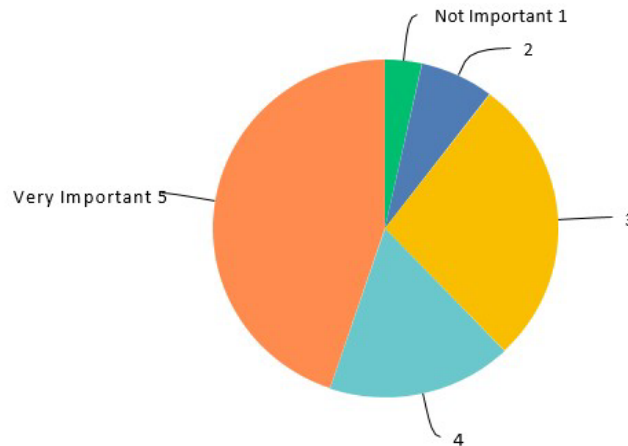
Answered: 59 Skipped: 2



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?

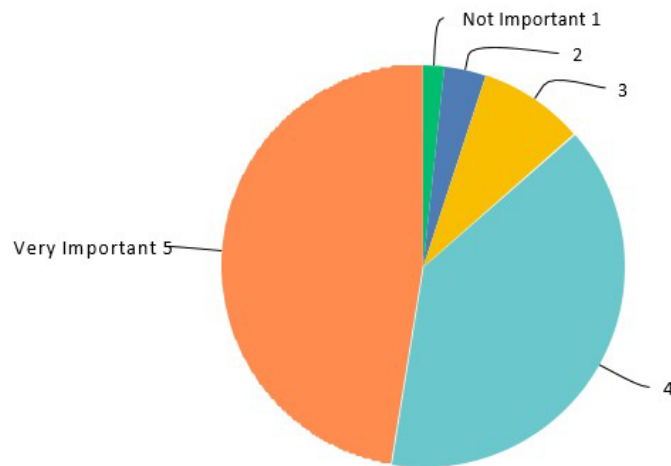
Answered: 58 Skipped: 3



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?

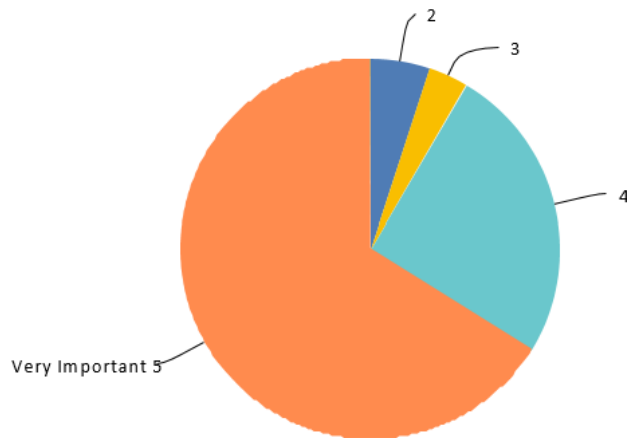
Answered: 59 Skipped: 2



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?

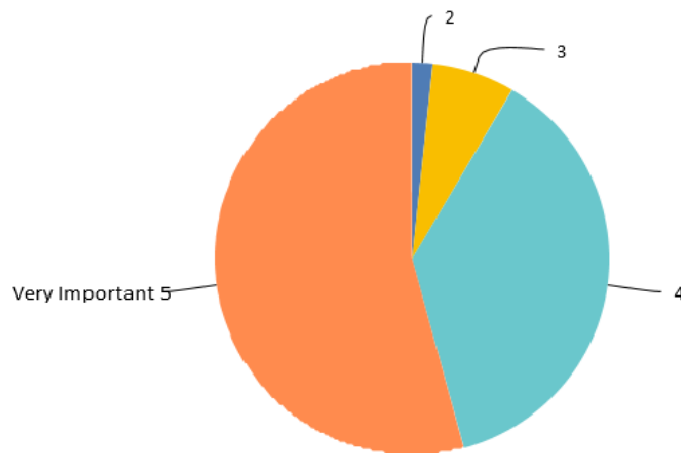
Answered: 59 Skipped: 2



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	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?

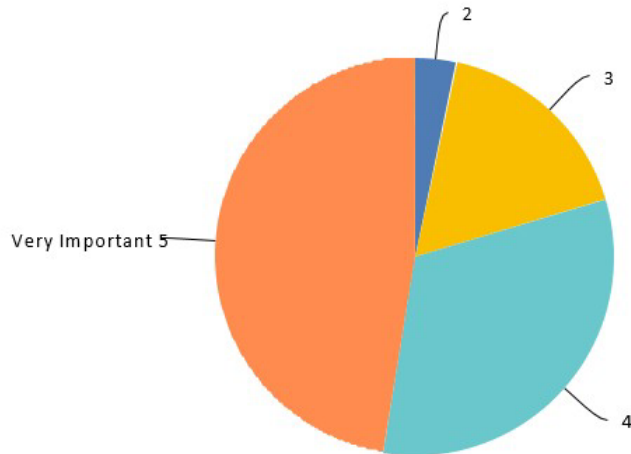
Answered: 59 Skipped: 2



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