



IDAHO
DEPARTMENT OF FINANCE

Safeguarding the Financial Health of Idaho

Idaho Department of Finance
FY 2022 – 2027 Strategic Plan

July 1, 2021

Idaho Department of Finance

FY 2022 – 2027 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 following values to guide how we work, make decisions, and guide our relationships with internal and external stakeholders. In the paragraphs below, we highlight what the values look like in action.

Trust –

The Department earns trust by exercising prudent, forward-thinking, and common-sense approaches to its mission. The Department gains trust from stakeholders, including industry and its own staff, by applying reasonable and transparent standards in its oversight of financial services. Through partnerships with financial education providers and the sponsorship of consumer education and outreach, the Department builds consumer trust in its role as a resource for critical financial education. Over the strategic plan period, the Department will utilize advancements in technology and innovative processes, such as networked supervision, to reduce regulatory burdens on industry, while also providing consumer education and services to the public.

Accountability –

The Department and its staff are guided by its strategic plan goals and objectives, which ensures the timely and efficient performance of its responsibilities. Department management is accountable for their decisions and actions that impact industry, the public, Department employees, and other stakeholders. Over the strategic plan period, the Department will be accountable for achieving its performance standards and for meeting the standards of accreditation for its bank, credit union, and mortgage programs. The Department will also be accountable for attaining the standards for accreditation of its money services business program.

Empowerment –

Internally, the Department empowers staff members to reach desired efficiency and productivity in their areas of responsibility. Externally, The Department empowers consumers to make sound choices in the use of financial services and empowers industry to safely provide financial services to Idahoans. Over the strategic plan period, the Department will empower staff using continuing education opportunities and career related trainings, thereby creating the future leaders and subject matter experts that will ensure our goals are met. By supporting legislative initiatives that modernize the regulatory process and promote new ways of doing business, the Department will empower the financial services industry to expand access to emerging and innovative financial products and services to meet the needs of Idahoans.

Collaboration –

The Department values its collaboration with various stakeholders and partners, including other state and federal regulators, community and consumer advocates, and financial services providers. Such collaboration is essential to obtaining optimal results in the supervision of the industries we oversee, and to being responsive to the businesses and citizens the Department serves. Over the strategic plan period, the Department will engage in collaboration with these groups to promote the financial health of Idahoans and to oversee, and foster innovation in financial services available in Idaho.

Adaptability –

The Department demonstrates its commitment to adaptability by keeping its staff well trained, educated, and enabled to keep up with constant change in financial services technology and the regulatory landscape. The Department practices change management and promotes its staff's acquisition of new skills, while also learning from others in response to changing circumstances. Over the strategic plan period, the rapid pace of change will require the Department to attract and develop the necessary competencies to successfully meet its mission. The Department will remain adaptable to changing financial services and the factors influencing regulation by ensuring internal processes are forward-thinking and by reducing regulatory burden and countering federal overreach.

Fairness –

The Department strives to be fair to in its decisions, both internally and externally. It pursues results that are balanced and that support its values. Over the strategic plan period, the Department and its staff will be fair in their dealings and work toward equitable results that are balanced and that support the mission of the Department.

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. As 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, as detailed in the below description of the Department's functional bureaus. 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 2022, the Department has an appropriated budget of \$9,093,500 and 66 full time positions, along with three Deputy Attorneys General and a paralegal assigned to the Department.

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

- **Financial Institutions Bureau:** The Financial Institutions Bureau is responsible for promoting the safety and soundness of Idaho state-chartered commercial banks, savings banks, credit unions, bank holding companies, 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 that

the public can have confidence in the financial system, and so that 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. In addition to its supervision activities, the Bureau is responsible for providing consumer education to Idaho citizens on topics related to investment fraud awareness, budgeting, and other investment related topics.
- **Consumer Finance Bureau:** The Consumer Finance Bureau licenses and supervises financial service providers pursuant to the Idaho Residential Mortgage Practices Act, the Idaho Collection Agency Act, and the Idaho Credit Code. The following details the business activities that fall within the responsibility of each Act.

Pursuant to the Idaho Residential Mortgage Practices Act, the Bureau supervises:

- mortgage brokers.
- mortgage lenders.
- mortgage loan originators.
- mortgage service providers.

Pursuant to the Idaho Collection Agency Act, the Bureau supervises:

- collection agencies.
- debt settlement agencies.
- credit counseling agencies.
- debt counseling agencies.
- credit repair organizations.

Pursuant to the Idaho Credit Code, the Bureau supervises

- consumer lenders.

- non-depository financial institutions.
- payday lenders.
- title lenders.
- creditors who take assignments of regulated consumer loans.
- retail sellers of goods and services who extend credit to their customers.

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.

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

III. Key External Factors

The prior fiscal year demonstrated how natural events occurring on a global scale can impact all areas of financial services the Department oversees. In response to the pandemic, the Department took a proactive approach in offering flexibility to financial institutions and licensees it supervises. This approach avoided disruptions in the delivery of the critical financial services Idaho communities rely upon. It allowed companies to quickly shift to delivering services through electronic means rather than from physical locations. It allowed employees of financial services companies to telework, thereby transacting business with Idaho consumers remote from their employers' corporate and branch offices. Simultaneously, the Department adopted remote and virtual work models to continue monitoring and supervising those entities. Over the next five years, the Department foresees this trend toward virtual delivery of services to continue.

The Department is well prepared for growth in this trend, as well as other emerging technology trends. Because of research conducted by the Department's Financial Technology (FinTech) and Signals workgroups, we have identified innovations used by financial service providers (e.g., machine learning, artificial intelligence, blockchain technologies, etc.) that will likely disrupt many traditional models of financial services. Though these advances may often originate from providers that already fall within the Department's oversight, many advancements in financial services technology will be provided by third-party service providers (TSPs) or FinTechs, which are companies that develop and deploy specific technologies for the delivery of financial services.

These companies will provide new and direct competition to the industries the Department regulates.

In addition to addressing changes in financial services technology, the Department continuously monitors the regulatory environment federally and among the states. As federal regulation of FinTechs encroaches on state supervision of financial services providers, the Department has sought solutions that bring greater efficiencies to its supervision practices. The Department's use of automated systems, along with networked supervision that leverages cooperation among various state financial regulators, are effective means to counter possible federal preemption of the Department's ability to protect Idaho consumers. These practices can also reduce regulatory burdens on service providers. Finally, the modernization of existing statutes, rules, and policies can address many of these changes within the financial services market and its regulatory environment.

All these external factors require a workforce and resources that will support the Department's mission. The evaluation of these and other factors, along with the strategic needs of the Department and its bureaus, are described in greater detail directly below and in Section IV, Internal Factors. Policy considerations that seek to reduce obstacles to reasonable advancements in financial services technology while maintaining adequate consumer protections, are described in Section V, Legislation, Rulemaking, and Policy.

A. Financial Institutions Bureau

The financial health of Idaho communities and financial institutions is closely intertwined. The COVID-19 pandemic highlighted the importance of this relationship as Idaho institutions leapt into action to meet the financial needs of communities and members by quickly overcoming operational disruptions to implement federal economic relief programs that were a lifeline for many Idaho businesses.

As global, national, and local economies continue to recover, some borrowers may face difficulty resuming full operations for a period of time. The expiration of government stimulus programs may result in credit quality deterioration and potential losses experienced by financial institutions. Financial institutions face historically low interest rates resulting in compressed margins that negatively affect earnings and their ability to accrete capital at a pace commensurate with the level of asset growth. Idaho financial institutions experienced a significant increase in deposits/shares due to strong population growth and an influx of government stimulus funds that resulted in downward pressure on capital.

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

In recent years, the Bureau has seen unprecedented efforts to reduce regulation in the securities industry that has resulted in further preemption of state securities authority. The Bureau has also seen unprecedented growth in matters involving FinTech and cryptocurrency impacting its regulation of securities and increasing the number of entities it oversees. The Bureau has seen growth in the oversight of money service businesses, as well as the increasing influence of FinTech and cryptocurrency in all areas in which the Bureau has oversight. In the next five years, the Bureau plans to accredit its money services business program. In preparation, it intends to modernize its oversight of this area by adopting a model money services business legislation developed by an association of state regulators.

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

Over the past ten years, mortgage servicing activities had shifted significantly from depository institutions to non-depository lenders and servicers. This shift has left more consumers exposed to disruptions in services, or a loss in quality of services, where the financial condition of their mortgage servicers impacts whether those companies can manage required forbearance models and moratoriums on default or foreclosure activities. As a result, the Department must continuously monitor whether entities that manage payments on many Idahoan's largest investment can withstand catastrophic events, such as those witnessed in the last fiscal year. Additionally, as the economy recovers, the Bureau must remain diligent in its supervision of mortgage origination, loan modification, credit repair, and debt management and settlement activities to protect consumers from fraud and other abuses.

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

Over the next five years, the Bureau anticipates growth of technology applications that use artificial intelligence to provide front end services to consumers. Also, during that period the use of machine learning in consumer lending will 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 to Idaho consumers.

IV. Key Internal Factors

In the past fiscal year, the Department – like most organizations – had to adapt to changes brought on by the global COVID-19 pandemic, resulting in many shifts in how we do our work. Examples include increased levels of employee telecommuting and remote examination activities. Some of these changes were beneficial and will be continued as operations return to normal.

Nearly 35% of our staff began working for the Department in 2020 or 2021, and most of them started while our operations were impacted by the pandemic. Over this next year we will focus on assimilating new staff into the Department's practices and culture, while also keeping those new practices instituted during the pandemic that enhance our efficiency and effectiveness, and that can help us to retain employees. Retention is particularly important 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.

In previous years, the Department had a larger than average number of employees nearing retirement age. From 2019 to 2021, approximately 18% of the Department's workforce retired. The generational composition of the Department's workforce now very closely mirrors that of the U.S. workforce and a large number of retirements is no longer anticipated. Most of the Department's leadership team were among those past retirements resulting in the selection of new leadership team members in 2020. To create 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, collaborate with industry, other regulators and stakeholders, cooperate internally, and 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 be seeking 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 its general operations.

In Fiscal Year 2022, the Department will engage in an office relocation, requiring significant budget and personnel resources to accomplish. The anticipated move will be the end of the fourth quarter of 2021 or the beginning of first quarter 2022. The new space will enhance our ability to collaborate and provide a more open workspace to foster teamwork.

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.

[Strategic Planning Survey](#)

The Strategic Planning Survey, last conducted in 2020, showed over 91 percent of respondents believe recruiting and retaining a knowledgeable staff is an important priority. Working toward pay parity with our federal counterparts will encourage our staff to remain with the Department rather than leaving for the federal agencies. Similarly, providing 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.

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 industries supervised by the Department. Over the Strategic Plan period, the Department anticipates it may receive various proposals for changes to policies relative to those industries, whether in the form of legislation or rulemaking. Additionally, the Department foresees the potential to proactively initiate changes to policies, whether through legislative proposals or rulemaking, to address changes within the financial services market. Those proposals would 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 2022, the Department intends to propose legislation that will streamline licensing processes for Consumer Financial Services and for Credit Service providers. This legislation would apply to the Idaho Credit Code and Idaho Collection Agency Act. The Department also anticipates proposing legislation to amend the Idaho Uniform Securities Act to make technical corrections and remove limitations on a consumer's right to private remedies in the event of fraudulent or unethical conduct by a service provider. Finally, the Department foresees a need to address outdated provisions within the Idaho Trust Institutions Act that limit competition and innovation.

Also in this fiscal year, the Department will engage in Temporary Rulemaking for both its non-fee rules and its single fee rule. The Department will follow with proposed rulemaking to reauthorize those rules that expired at the end of Fiscal Year 2021 due to operation of law. All Department rulemaking efforts will comply with the Idaho Administrative Procedures Act and the Governor's Order relating to *Zero-Based Regulation*, Executive Order # 2020-01.

The Department also anticipates that legislation related to Idaho Credit Unions, intended to modernize the Idaho Credit Union Act, will be proposed by external parties. Furthermore, based on legislative proposals made during the 2021 Legislative Session, the Department anticipates other parties may introduce legislation related to the treatment of the maturity of second lien mortgage loans, and related to financial technology and digital assets, including the custody of digital currencies and non-fungible tokens.

For Fiscal Years 2023 – 2027, the Department anticipates considering legislative proposals to make updates to the Idaho Uniform Securities Act as changes in federal law and regulation may impact the existing statute. Additionally, the Department foresees the need for legislative proposals related to money services business operating under the Idaho Money Transmitters Act. The purpose of such proposals would be to align the Act with existing regulatory practices across several states, thereby reducing regulatory burden on Idaho's licensees. Furthermore, such proposals would create a basis for attaining accreditation of the Department's money services business program. Finally, in Fiscal Year 2023 the Department will engage in Zero-Based Regulation activities, pursuant to Executive Order # 2020-01. These activities will result in a full review of the Department's existing rule chapters and the substantiation of all rules through a retrospective analysis prior to any rule promulgation.

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.

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.”

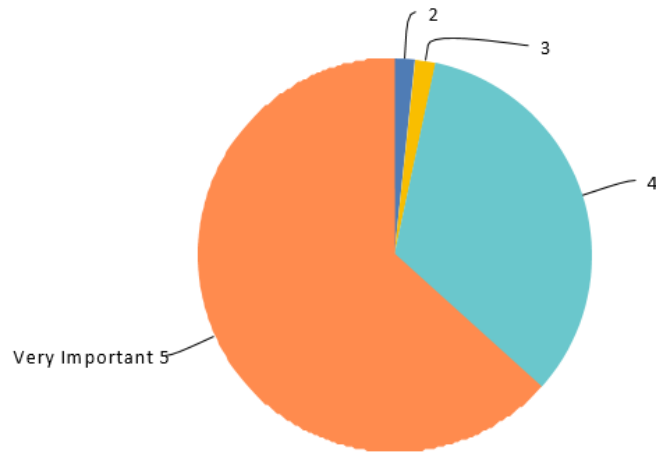
Appendix

2020 Stakeholder Survey

Performed Every 5 Years

Q1 How important is increasing financial literacy for all Idahoans?

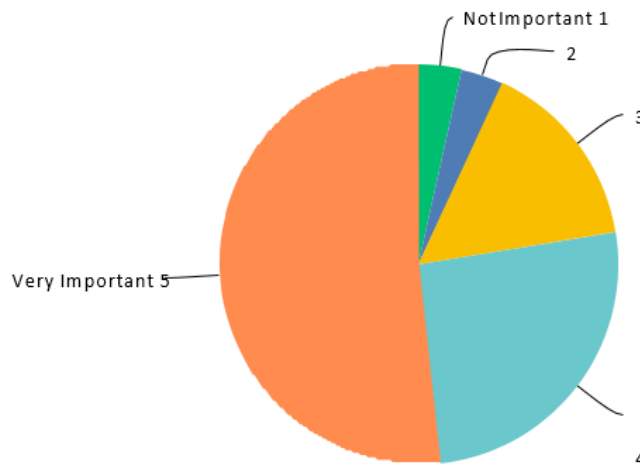
Answered: 60 Skipped: 1



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?

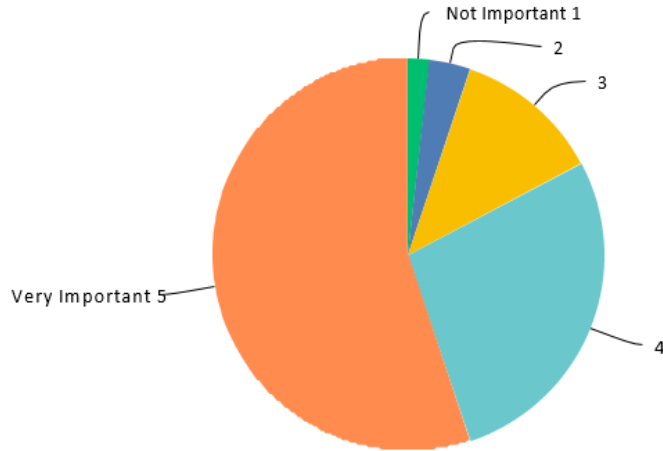
Answered: 58 Skipped: 3



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.

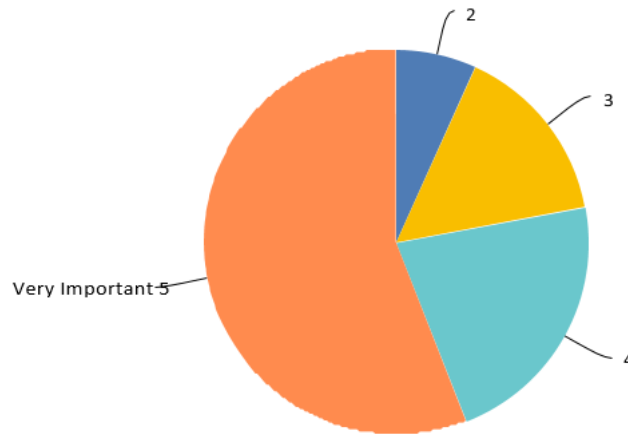
Answered: 58 Skipped: 3



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?

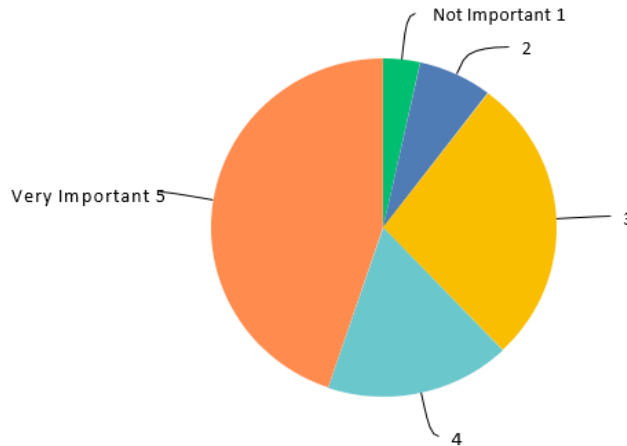
Answered: 59 Skipped: 2



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?

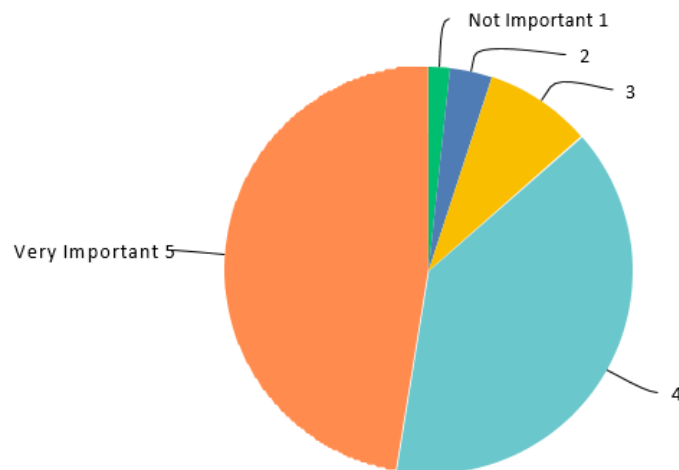
Answered: 58 Skipped: 3



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?

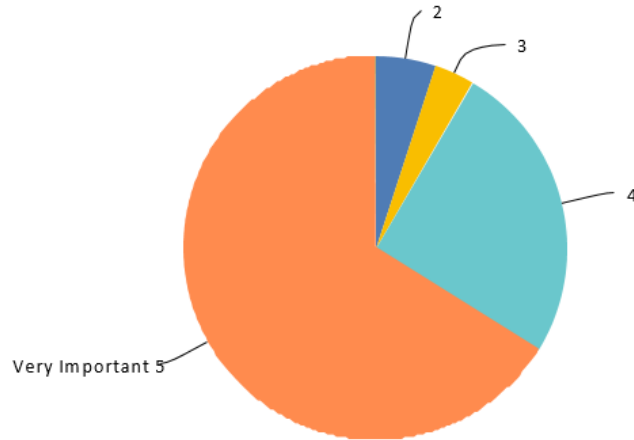
Answered: 59 Skipped: 2



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?

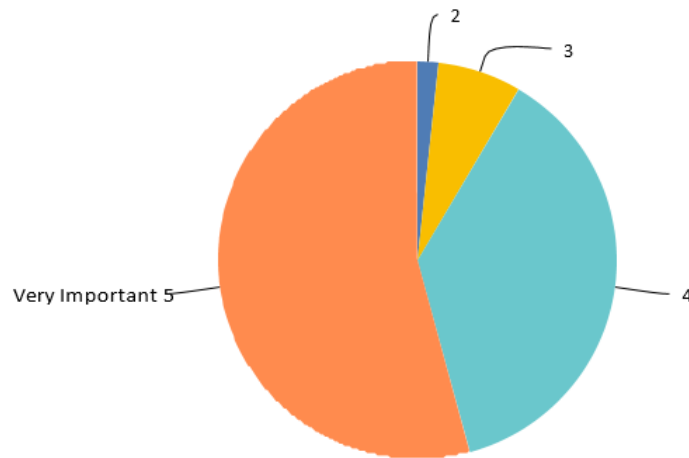
Answered: 59 Skipped: 2



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?

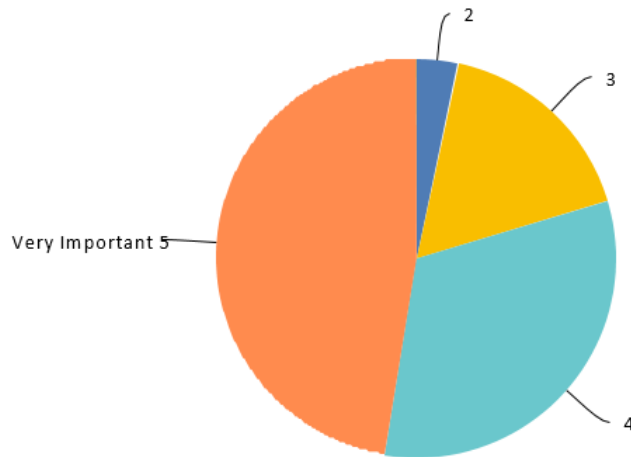
Answered: 59 Skipped: 2



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