

**MISSISSIPPI DEPARTMENT OF BANKING AND CONSUMER FINANCE**

**5 – YEAR STRATEGIC PLAN**

**FOR THE FISCAL YEARS 2021 - 2025**

## Mississippi Department of Banking and Consumer Finance

### 1. Comprehensive Mission Statement:

The Department of Banking and Consumer Finance's (DBCF) primary mission is to regulate, supervise, and safeguard financial institutions chartered and licensed in Mississippi.

### 2. Philosophy:

The DBCF is committed to providing quality supervision and regulation to institutions, persons, firms, corporations, and associations furnishing financial services, as authorized by statute.

DBCF is charged with the primary examination and regulatory supervision of all state-chartered commercial banks, state-chartered thrift institutions, state-chartered credit unions, independent trust companies, mortgage lenders, small loans (consumer finance companies), insurance premium finance companies, motor vehicle sales finance companies, pawn brokers, title pledge lenders, consumer loan brokers, check cashers, money transmitters, credit availability lenders, and debt management service providers. The agency also provides cooperative assistance to any individual, institution, industry, or other regulatory agency within the scope of our responsibilities.

The success of DBCF's mission promotes public confidence in the stability of our regulated entities. DBCF strongly believes in the importance of the dual banking system (system where both the state and the federal governments independently issue charters and supervise banks) and local licensing/examination of consumer financial services. The dual system is an efficient and competitive regulatory system that leads to innovation in both financial services and supervisory practices.

### 3. Relevant Statewide Goals and Benchmarks:

Statewide Goal #1: (Public Safety and Order) Ensure a Mississippi state-charter is the "charter of choice" for banks domiciled in Mississippi (as opposed to a Federal charter under the dual banking system). State charters are essential because they allow Mississippi to maintain a voice in the banking system and provide local supervision with direct access to regulators familiar with State economic conditions. This active role maintains public confidence in the integrity of the banking system.

Relevant Benchmark #1:

- Number of State-chartered banks to National Banks in Assets

Statewide Goal #2: (Economic Development) Promote economic development by ensuring prudent regulatory principles that enable the Mississippi banking industry to be competitive and provide the Mississippi economy with an accessible and healthy financial system. A viable and profitable state banking system is a benefit to all Mississippians. Well-capitalized and well-managed institutions are positioned to have funds available to expand credit opportunities for businesses and consumers, thus stimulating economic growth.

Relevant Benchmark #2:

- Number of watchlist banks
- Migration analysis

Statewide Goal #3: (Education) Promote Financial Literacy among Mississippi consumers.

Relevant Benchmark #3:

- Number of Mississippi college campus visits
- Participation in MCEE – MS Council of Economic Education
- Participation in TEAM – Treasurer’s Education About Money
- Investment in financial literacy material for Mississippi consumers

#### **4. Overview of the Agency 5-Year Strategic Plan:**

The DBCF must attract and retain adequate professional staffing to provide continuous examinations and effectively provide oversight of the financial industry. The agency must ensure the public has safe and sound institutions that operate within the confines of law and provide for economic expansion within the state of Mississippi. Identifying, training, and retaining highly qualified examiners is vital to maintaining compliance with State and Federal standards and guidelines.

In the same vein, the agency is ensuring an intact management succession plan is embedded in the agency career ladder. This continuity is vital to the sustainability of the agency’s success. Experienced examiners migrate into leadership positions within the agency, and retaining this management component with invaluable knowledge is equally as important as retention of the examination staff.

The agency has incorporated several noteworthy priorities in the 5-Year Strategic Plan in response to changes in Federal and State Laws governing regulated industries. The plan also captures the agency’s efforts to keep pace with the complexities of industry activity and growth in assets. These priorities are derivatives of our statutory authority and our commitment to Mississippi citizens, as well as, our regulated institutions. Many of these adopted goals, objectives, and outputs revolve around evaluating systems/programs/procedures, effectively utilizing staff/technology resources, improving efficiencies, and retaining employees. A more descriptive summary of agency goals is listed below.

- Manage staffing needs of the agency:
  - 1) Over the course of the next five years, we will continue to develop examination staff with less than three years of experience.
  - 2) Continue to develop the professional specialty examiners, in the areas of Bank Secrecy Act, Information Technology, and Wealth Management, to effectively examine our banks and licensees.
- Control/Manage operating costs for the department:

- 1) Offsite, in DBCF office as opposed to regulated entity, exam procedures have been implemented in all supervisory divisions that will decrease travel costs and reduce regulatory burden.
  - 2) License renewals are being converted to a mandatory online method to reduce paper, storage, and staffing costs.
  - 3) Progress is being made to fully convert our various in-house databases over to one system to save staff time and reduce paper.
  - 4) Transition of the Consumer Industries to the Nationwide Multistate Licensing System (NMLS) continues. NMLS is a national system used by many state's financial system regulatory agencies. The use of this system will create efficiencies in payments, licensing, and supervision. All consumer industries will be transitioned to this system by year-end 2019.
- Maintain the ability to manage consumer complaints and alleged violations of State and Federal laws.
  - Develop a stronger agency identity through effective participation in Financial Literacy projects throughout the state.

While attesting successful development and implementation of several aforementioned goals and objectives may be achieved through analysis of numerical reports or comparative ratios, a majority of our agency specific priorities may not be tested for efficiency through numerical or quantifiable measures. Instead, these administrative goals, objectives, and outputs are considered through discussion during the agency annual strategic planning exercise. At the conclusion of each strategic event, a summary report is provided detailing the scope of strategic goals, adopted strategies, and objectives. Additionally, a determination is made if stated outputs were met and efficiencies achieved. These sessions and resultant reports and conclusions serve as the administrative measure for the success or failure in meeting agency goals.

Quantifiable measures require both automated and manual reports generated or calculated by respective division management. These measures are tested with stated goals, and adopted strategies and objectives to determine the agency's success in meeting expectations. Through comparative analysis, quantifiable outputs and efficiencies are also documented.

Consolidating quantifiable and administrative goals into our strategic plan enables us to meet demands of industry operations, remain proactive in managing efficiencies, and continue effective enforcement of our statutory authority.

Identified measurable outputs, outcomes, and efficiencies contain well-defined methodologies and statistical analysis. These three (3) numerical measures are readily quantifiable since they are automated and included in the agency FY21 budget:

1. Timely examinations of all state-chartered institutions
2. Exams performed within statutory time limits
3. Hours spent on exams

The remaining seventeen (17) output and efficiency measures are administrative in nature and may only be accurately measured through human processes. Over the course of our 5-Year

Strategic cycle, we will incorporate more automated measures and reports to support agency stated goals and ensure that objectives are met.

### **5. Agency's External/Internal Assessment:**

- 1) Significant changes in the banking system or consumer finance industry brought on by actions of the Federal Government would impact this agency.
- 2) An economic downturn would increase the day-to-day operations and staffing needs of the agency.
- 3) Potential legislative mandates could require additional staffing and financial resources.
- 4) A conversion of a large state-chartered bank to a National charter or a merger with an out-of-state institution would adversely impact the agency's revenue stream. Conversely, conversion of National banks to State-chartered banks could require additional staffing.
- 5) The agency must ensure proper succession planning to effectively manage potential retirements of key personnel currently qualified for or approaching retirement.
- 6) The agency's career ladder should serve as a source of continuity in ensuring effective management succession of the supervisory function. Prior concerns with salary compression were temporarily mitigated with the FY19 realignment of the career ladder.
- 7) A 2019 salary survey revealed salary disparities in our career ladder; which will impact our ability to retain staff. The agency must ensure competitive salaries to maintain current staffing levels.
- 8) Continued development of inexperienced staff is vital to the agency's ability to identify and monitor risks and effectively regulate and supervise Mississippi's financial sector.

The agency is accredited by the Conference of State Bank Supervisors. Initial accreditation was first awarded in 1996, after meeting stringent accreditation standards. As a part of this program, the agency is reviewed off-site annually and subjected to an on-site reaccreditation every five years. DBCF was most recently reaccredited in 2016. The results of the accreditation review ranked our banking and mortgage department in the top percentile of all accredited departments.

### **6. Agency's Goals, Objectives, Strategies and Measures by Program for FY2021 through FY2025**

#### *Agency Wide*

#### **Non-Quantifiable Goals**

#### **GOAL A: DBCF will strive to retain examination and non-examination staff.**

**OBJECTIVE A:** Effectively manage a knowledgeable staff.

*Outcome:* Retain regulatory expertise

**A.1 STRATEGY:** Review Federal agency and other states' off-site examination procedures.

**A.2 STRATEGY:** Increase focus on a regionalized supervisory structure.

**A.1 – A.2:**

\**Output:* Reduced examiner turnover ratio

\**Output:* Improved ratio for examiner hours vs. FDIC

\**Output:* Increased number of examiners

\**Output:* Improved average tenure of examination staff

*Efficiency:* Less state money spent hiring and training due to the high turnover rate. Improved examination quality due to greater experience and more hours worked.

\*These measurable outputs are supported by manual evaluations, assessments and calculations. Respective division directors monitor these ratios and report findings to the Commissioner.

**Non-Quantifiable Goals**

**GOAL B: DBCF will ensure we make the best use of technology.**

**OBJECTIVE B:** Effectively use staffing and technological resources available to the agency.

*Outcome:* Improve security and operational efficiencies within the agency

**B.1 STRATEGY:** Evaluate agency Licensing and Renewal System (LARS) and NMLS to ensure operational efficiency.

*Output:* Amount of administrative time saved using an effective system

**B.2 STRATEGY:** Enhance DBCF infrastructure, network, computer systems and security.

*Output:* Improved IT staffing and management of systems

\**Efficiency:* IT staff and contract staff time saved

\*Dollar savings will be calculated and tracked by the accounting division and reported to the Commissioner.

**B.3 STRATEGY:** Activate and control external access to servers.

*Output:* Improved security and file access for essential personnel

*Efficiency:* Administrative time saved locating and emailing information

**Non-Quantifiable Goal**

**GOAL C: DBCF will increase public exposure of the agency and work to provide Financial Literacy/Education throughout the state.**

**OBJECTIVE C:** To improve public awareness of financial products offered in the state.

*Outcome:* Citizens who make better informed financial decisions

**C.1 STRATEGY:** Continue to partner with Treasurer on Financial Literacy.

*\*Output:* Number of speaking engagements DBCF involved in

*\*Output:* Number of high school students reached in this process

**C.2 STRATEGY:** Continue to conduct outreach with college professors to market DBCF.

*Output:* Improved awareness at the college level of DBCF

*\*Efficiency:* Examiners hired over time as a result of this contact

\*Public awareness events are directed by the Deputy Commissioner with hours and event types documented, tracked, and retained by administration.

### **Non-Quantifiable Goal**

**GOAL D: DBCF will review and evaluate legislative needs.**

**OBJECTIVE D:** Obtain statutory authority where needed and revise outdated/ineffective statutes.

*Outcome:* Improved statutory authority over regulated industries, operational efficiencies, and improved agency administration

**D.1 STRATEGY:** Conduct a study of bank assessment structure including interpretation of current assessment statute. Additionally, we will review the assessment methodologies of Federal agencies, and contiguous state banking departments.

*\*Output:* Gain a better understanding of Mississippi assessment authority and the authority of surrounding states. Maintain competitive assessment factor to prevent charter conversions.

\*Comparative analysis of methodologies and resultant individual bank assessments will be tracked. Once methodologies have been established, the accounting division will be responsible for reviewing assessments for disparities.

**D.2 STRATEGY:** Evaluate Parity list and periodically poll staff for possible code changes needed. Consider recodification.

*Output:* More effective statutes

*Efficiency:* Less time spent managing outdated statutes; fewer conflicts among statutes

**D.3 STRATEGY:** Evaluate outdated non-bank license and exam fees.

*Output:* Develop a fee structure that is aligned with the cost of supervision

*Output:* Fees collected from non-bank companies will support the cost of regulation and supervision

### *Banking Division*

#### **Non-Quantifiable Goal**

**GOAL E: Administration - Supervise and regulate banks, trust companies, and credit unions chartered by the State of Mississippi.**

**OBJECTIVE E:** Maintain adequate administrative support to the examination staff and State-chartered institutions.

*Outcome:* An efficient and effective staff capable of providing a high level of administrative support

**E.1 STRATEGY:** Retain key administrative support staff.

*Output:* Ongoing supervision, support, and maintenance

*Output:* Effective and timely communication with Federal agencies, regulated entities, and the public

*Efficiency:* Improve turnaround time on applications and adequate document retention

**E.2 STRATEGY:** Retain key examination review staff.

*Output:* Comprehensive examination findings appropriately identify risks and provide adequate recommendation for correction. Ensures consistency of examinations.

**E.3 STRATEGY:** Maintain Examiner Training Coordinator role.

*Output:* Development of comprehensive training programs and monitoring of examiner's training progress

*Efficiency:* A strong training program and increased pace of knowledge transfer. These factors will reduce training expenses and yield improved examiner productivity

\*A manual comparative analysis can be conducted by respective division directors.

#### **Non-Quantifiable Goal**

**GOAL F: Examination - Examine banks, trust companies, and credit unions chartered by**



**the State of Mississippi.**

**OBJECTIVE F:** Conduct examinations to assess safety and soundness and ensure compliance with applicable laws of financial institutions.

+*Outcome:* Timely, fair, and effective examinations of all state-chartered institutions

**F.1 STRATEGY:** Retain and develop current staff.

+*Output:* Exams performed within statutory time limits

\**Output:* Improved ratio for FDIC vs DBCF hours

+*Efficiency:* Hours spent on exams

**F.2 STRATEGY:** Increase staffing and expand training at large banks.

+*Output:* Staff the three largest banks with two dedicated examiners. A better trained and larger examination staff allows the DBCF to provide more examiners for individual target reviews

\**Output:* Enroll dedicated large bank examiners in appropriate training and expose less experienced examiners to the large bank exam process

+These measures supported by automated reports.

\*These measures can be tested using a manual process using our scheduling system and examination reports.

***Consumer Finance Division:***

**Non-Quantifiable Goal**

**GOAL G - Administration: Supervise, regulate and license money transmitters, motor vehicle sales finance companies, small loan companies, consumer loan brokers, insurance premium finance companies, pawnbrokers, title pledge lenders, credit availability lenders, check cashers, and debt management service providers.**

**OBJECTIVE G:** To process and issue licenses to qualified lenders, provide support for examiners, and communicate with consumer industries.

*Outcome:* An efficient and effective staff capable of providing a high level of administrative support for licensure

**G.1 STRATEGY:** Retain key administrative support.

*Output:* Issue and renew licenses in a timely manner

*Output:* Provide effective back-up for one another during absences

\**Efficiency:* Money saved by not hiring contract workers

\*The accounting division can calculate cost savings with comparative analysis.

### **Non-Quantifiable Goal**

**GOAL H. - Examination: Examine licensees within statutory timeframes for compliance with all factors prescribed by law.**

**OBJECTIVE H:** To ensure effective supervision of regulated industries.

*Outcome:* Professional examination program ensuring a fair and lawful consumer finance industry

**H.1 STRATEGY:** Retain trained and competent examination staff.

*Output:* Examination staff capable of performing exams on the ten industries

*Output:* Flexibility in making assignments with fully trained staff

*Efficiency:* Examiners able to perform exams independently

### ***Mortgage Division:***

### **Non-Quantifiable Goal**

**GOAL I. - Administration: Supervise, regulate and license the mortgage industry.**

**OBJECTIVE I:** To process and issue licenses to qualified mortgage companies, branches of mortgage companies and mortgage loan originators, provide support for examiners, and communicate with mortgage industry professionals.

*Outcome:* An efficient and effective staff capable of providing a high level of administrative support for licensure

**I.1 STRATEGY:** Retain key administrative support.

*Output:* Issue and renew licenses in timely manner

*Output:* Provide effective back-up for one another during absences

*\*Efficiency:* Money saved by not hiring contract workers

\*The accounting division can calculate cost savings with comparative analysis.

### **Non-Quantifiable Goal**

**GOAL J. - Examination: Examine licensees within statutory timeframes for all factors prescribed by law for the mortgage industry.**

**OBJECTIVE J:** To perform examinations that will ensure mortgage consumers' accounts are being handled in accordance with the provisions of the statutes and regulations.

*Outcome:* Professional examination program ensuring a fair and lawful mortgage industry

**J.1 STRATEGY:** Retain trained and competent examination staff.

*Output:* Examination staff capable of performing complex examinations

*\*Efficiency:* Money saved with examiners performing exams off-site independently

\*The accounting division can calculate incurred expenses for similarly sized institutions for both onsite and offsite examinations.