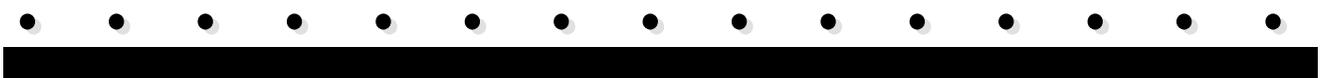


Department of Financial Institutions

2009-2011

Strategic Plan



From the Director

Scott Jarvis

I am pleased to present the Department of Financial Institutions (DFI) 2009-2011 Strategic Plan.

DFI provides regulatory oversight for our state's financial service providers. DFI's mission is to regulate financial services to protect and educate the public and promote economic vitality. Our mission was recently updated as part of the planning process for this Strategic Plan. It reflects the increased focus of our role in, not only protecting consumers, but in educating them to protect themselves. Recent legislation in the financial services area reflects the need to educate consumers of financial services in order to prevent consequences such as those currently seen in the sub-prime lending crisis. Regulation and appropriate enforcement hand in hand with consumer education and awareness are the best defense in protecting consumers especially in times of economic downturn.

There are many challenges that DFI faces in the next two to five years including: the impact of the economy on financial service providers and consumers; dealing with increased complexity in our financial markets and products which can lead to increased opportunity for fraudulent activity; and dealing with the threat of federal preemption of our regulatory authority at a time when our services are needed the most. This plan reflects the goals, objectives and strategies that DFI will employ in facing these challenges.

We cannot meet these challenges alone. DFI relies on support from key stakeholders and partners to meet our statutory mission and we rely on our most important resource, our hard-working dedicated employees without whom we could not function. I look forward to working with all these groups in carrying out our 09-11 strategic plan.

Sincerely,

Scott Jarvis,
Director



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DEPARTMENT OVERVIEW

The Department of Financial Institutions (DFI) was established in October 1993 by RCW 43.320. Its historical roots date back to the early 1900s with the organization of the Division of Banking in 1907 and the Division of Securities in the 1930s. The Department celebrated its 100th year anniversary of its banking division in 2007.

The Department is composed of five divisions: Administration, Banks, Consumer Services, Credit Unions, and Securities. The Department is self-supported. Fees paid by regulated institutions fund all agency activities. No funding is received from the state General Fund or other tax revenue to support ongoing operations, however, the agency contributes to the General Fund through its Division of Securities, which collects significant revenues in connection with its primary functions of registration, licensing, and enforcement. The Division retains 13 percent of the revenue it receives to fund its activities. The remaining 87 percent of the funds collected are contributed to the Washington State General Fund and are used to fund other areas of state government.

The Department regulates our state's financial services industry. This responsibility includes examining and supervising state-chartered commercial banks, credit unions, savings and loan associations, savings banks, and foreign banks. In addition, the Department regulates the securities industry in Washington, issuing licenses, permits and exemptions for securities broker-dealers, investment advisers and their agents, securities issuers, franchises, franchise brokers, and business opportunities. The Department also regulates consumer loan companies, loan officers, check cashers and sellers (which include payday lenders), money transmitters and currency exchangers, as well as mortgage brokers and escrow agents and officers operating in this state. As a result of 2005 legislation, the Department also began registering entities that offer tax refund anticipation loans.



CORE PROGRAM ACTIVITIES

- **Chartering, Licensing and Registration**

DFI evaluates and approves bank and credit union applications, mergers, conversions, branches, and corporate governance changes. The Department also conducts licensing, registration and exemption activities for the following financial entities and persons: broker-dealers, broker-dealer representatives, investment advisers, investment adviser representatives, securities issuers, franchises, franchise brokers, business opportunities, escrow agents, escrow officers, mortgage brokers, check cashers and sellers (payday lenders), money transmitters, currency exchangers, consumer loan companies, loan officers and providers of tax refund anticipation loans.

- **Examinations**

The Department performs three primary types of examinations: (1) compliance and for cause examinations of securities broker dealers, mortgage brokers, investment advisers, escrow agents, debenture companies, check cashers and sellers (payday lenders), consumer loan companies, money transmitters, and currency exchangers; (2) safety and soundness examinations of banks, credit unions, debenture companies, money transmitters, trust companies, Small Business Association (SBA) lenders and industrial development corporations; and (3) information system examinations of banks and credit unions.

- **Enforcement**

The Department conducts various types of supervisory, surveillance and enforcement activities to detect and take corrective action for violations of the regulatory and anti-fraud statutes applicable to financial institutions. Activities include: complaint processing, investigation, and pursuit of appropriate action against securities issuers and brokers, investment advisers, mortgage brokers, check cashers and sellers (payday lenders), money transmitters, currency exchangers, consumer loan companies and escrow agents. DFI also provides assistance and coordinates with other law enforcement agencies and prosecutors – including providing subject matter expert testimony during trials.

- **Education and Public Outreach**

DFI conducts numerous consumer education and outreach activities, and also provides technical assistance and regulatory guidance to banks, credit unions, securities and mortgage brokers, investment advisers, check cashers and sellers (payday lenders), money transmitters, currency exchangers, consumer loan companies and escrow agents.



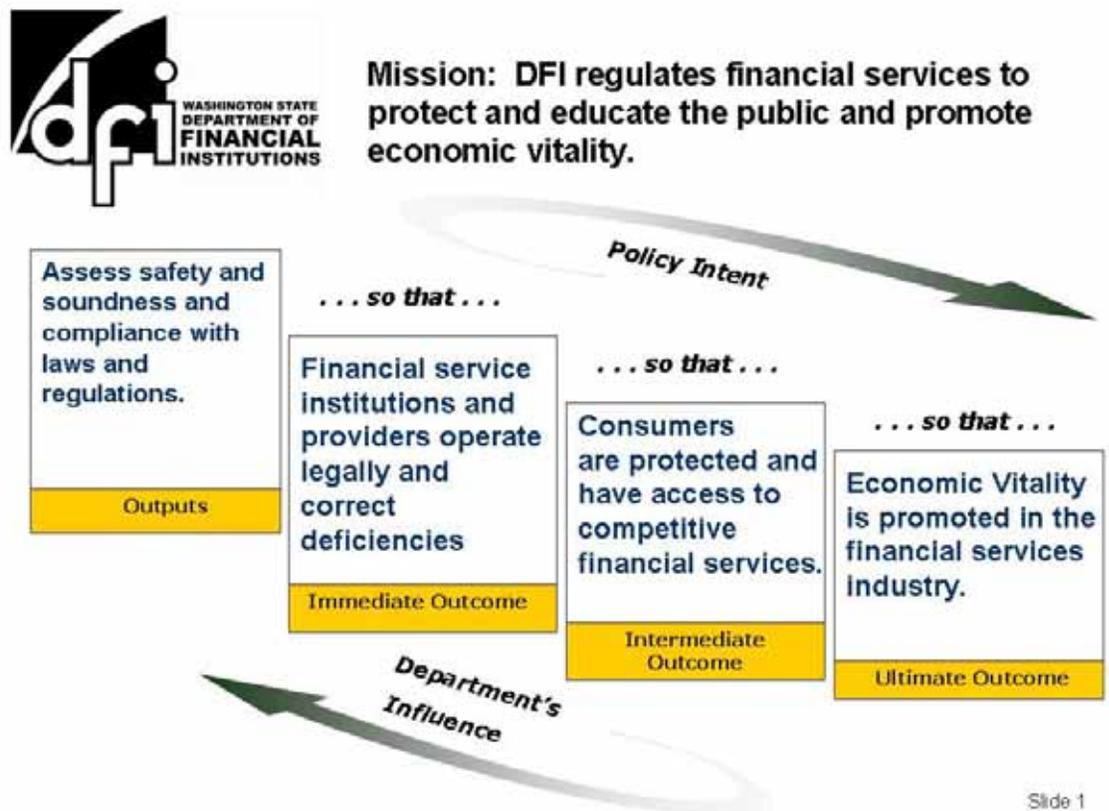
DFI VISION

Safe, honest and reliable financial services.

DFI MISSION STATEMENT

DFI regulates financial services to protect and educate the public and promote economic vitality.

DFI LOGIC MODEL





DFI VALUES

We value:

- Employees – our most important resource
- Empowerment with accountability
- Diversity
- Fairness and respect for individuals and institutions
- Sharing information and knowledge
- Professionalism and integrity
- Providing quality services



STATUTORY REFERENCES

The following statutes authorize the establishment and operation of DFI programs:

General Ch. 43.320 RCW

Securities Division

Securities Act Ch. 21.20 RCW
Franchise Act Ch. 19.100 RCW
Business Opportunity Act Ch. 19.110 RCW
Commodities Act Ch. 21.30 RCW

Division of Banks

Banks and Trust Companies Ch. 30 RCW
Mutual Savings Banks Ch. 32 RCW
Savings and Loan Associations Ch. 33 RCW
Federally Guaranteed Small Business Loans Ch. 31.40 RCW
Industrial Development Corporations Ch. 31.24 RCW
Agricultural Lenders, Loan Guaranty Program Ch. 31.35 RCW

Division of Credit Unions

Credit Union Act Ch. 31.12 RCW
Central Credit Unions Act Ch. 31.13 RCW

Division of Consumer Services

Mortgage Broker Practices Act Ch. 19.146 RCW
Consumer Loan Act Ch. 31.04 RCW
Check Cashers and Sellers Act Ch. 31.45 RCW
Uniform Money Services Act Ch. 19.230 RCW
Escrow Agent Registration Act Ch. 18.44 RCW
Tax Refund Anticipation Loan Registration Ch. 19.265 RCW
Mortgage Lending Fraud Prosecution Account Ch. 43.320 RCW



GOALS

GOAL 1: Promote a stable and competitive financial services industry that enhances economic vitality.

GOAL 2: Enhance protection of citizens' financial interests.

GOAL 3: Provide information and education on financial services to the public and those we regulate.

GOAL 4: Manage resources and leverage technology to maximize performance and customer service.

GOAL 5: Recruit, support and retain a high performing diverse workforce.



GOALS, OBJECTIVES AND STRATEGIES

GOAL 1: Promote a stable and competitive financial services industry that enhances economic vitality.

Objective 1-1: Assure an efficient and effective examination program for DFI regulated entities.

- Strategy 1-1-1: Examine regulated entities as required by statute or as determined by risk-based analysis.
- Strategy 1-1-2: Examine new or problem institutions within 18 months.
- Strategy 1-1-3: Take action as appropriate when regulated entities reach a weakened financial condition, are engaged in unsafe or unsound practices, or violate applicable laws.
- Strategy 1-1-4: Coordinate licensing, examinations, and enforcement activities amongst divisions.
- Strategy 1-1-5: Maximize offsite efficiencies and minimize the onsite impact to regulated entities.

Objective 1-2: Identify and respond to emerging trends in financial products and services.

- Strategy 1-2-1: Continue to increase participation in national regulatory groups (such as AARMR, CSBS, MTRA, NACCA, NASAA, and NASCUS) and other partners to identify new products and services with emerging risk areas in order to adjust supervisory strategies and activities as appropriate.
- Strategy 1-2-2: Continue to design exam modules to address emerging risks and issues.





GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 1: Promote a stable and competitive financial services industry that enhances economic vitality.

Objective 1-3: Promote the state chartering, licensing, and regulation of financial entities to ensure competitive financial services.

Strategy 1-3-1: Work with stakeholders to maintain the viability and relevance of state regulation of financial institutions.

Strategy 1-3-2: Work with other state regulators and organizations to limit federal pre-emption, both legislatively (Congress) and judicially.

Objective 1-4: Ensure our laws, regulations and regulatory processes are current and necessary.

Strategy 1-4-1: Modernize statutes and rules to anticipate and respond to changing financial services by ensuring rules are flexible and relevant, follow Plain Talk requirements, and minimize burdens on regulated industries.

Strategy 1-4-2: Coordinate with other regulators to reduce regulatory costs.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 2: Enhance protection of citizens' financial interests.

Objective 2-1: Support an effective and efficient enforcement program.

- Strategy 2-1-1: Improve prioritization of complaints, investigations and enforcement actions.
- Strategy 2-1-2: Allocate and train staff to respond on a priority basis to complaints from senior or vulnerable citizens.
- Strategy 2-1-3: Focus investigation and enforcement resources to specifically target areas of highest impact on Washington residents.
- Strategy 2-1-4: Provide staff investigative, legal and other relevant training to improve job performance and increase number of enforcement actions.
- Strategy 2-1-5: Leverage resources with other state, federal and foreign governments and organizations to increase the number of multi-jurisdictional cases by June 30, 2011.





GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 3: Provide information and education on financial services to the public and those we regulate.

Objective 3-1: Enhance education and outreach to consumers.

Strategy 3-1-1: Continue and enhance consumer education focused initiatives, including those aimed at diverse and underserved communities.

Strategy 3-1-2: Identify and utilize alternative funding sources as needed: grants, partners, sponsors, etc.

Strategy 3-1-3: Maintain current and build new partnerships with other agencies and associations that support financial literacy training, to better educate consumers.

Objective 3-2: Enhance education and outreach to licensees and regulated entities.

Strategy 3-2-1: Maintain and market initiatives aimed at assisting and educating licensees and businesses.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 4: Manage resources and leverage technology to maximize performance and customer service.

Objective 4-1: Implement efficient and cost effective agency financial systems and business processes.

- Strategy 4-1-1: Reduce examination related travel by providing tools to facilitate offsite work and improve examination preparation.
 - Computer Assisted Audit Techniques (CAATS)
 - Explore expansion of video conferencing outside our statewide network.
- Strategy 4-1-2: Expand utilization of document imaging.
- Strategy 4-1-3: Implement electronic workflow processes including licensing, enforcement/complaint and examinations processes.
- Strategy 4-1-4: Increase receipt of funds through electronic means (e.g. ACH for Division of Banks.)
- Strategy 4-1-5: Implement automated examination programs for the Consumer Services Division.
- Strategy 4-1-6: Automate reporting and assessment systems for Consumer Services and Division of Banks regulated entities.
- Strategy 4-1-7: Complete STAR exams for the Securities Division



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 4: Manage resources and leverage technology to maximize performance and customer service.

Objective 4-2: Provide all DFI staff access to the information they need to perform their duties when and where they need it.

- Strategy 4-2-1: Expand search tools to search data bases, images, and file systems more comprehensively.
- Strategy 4-2-2: Provide tools (file management, better discovery tools, data analysis tools) to employees for document management to facilitate enforcement activities and speed up response to public disclosure requests.
- Strategy 4-2-3: Educate and share best practices with staff to improve use of tools.

Objective 4-3: Provide easy to use methods to share information with consumers and regulated entities.

- Strategy 4-3-1: Develop database for agency enforcement actions to make it easier for users to find them on the DFI website.
- Strategy 4-3-2: Improve License Look-up system to allow access to images of public records.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 4: Manage resources and leverage technology to maximize performance and customer service.

Objective 4-4: Identify and mitigate excessive risk to DFI.

- Strategy 4-4-1: Maintain and enhance a secure agency technology environment where data and systems are available and protected from unauthorized access or corruption.
- Strategy 4-4-2: Reduce risk of workplace injuries by adopting best practices and technologies.
- Strategy 4-4-3: Maintain a secure and safe physical environment for DFI employees.
- Strategy 4-4-4: Improve Public Disclosure Database to make it easier to track public disclosure requests.
- Strategy 4-4-5: Test and update disaster recovery and continuity of operations plans to ensure readiness in emergency situations.
- Strategy 4-4-6: Conduct annual Enterprise Risk Management assessment and develop action plans where appropriate.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 4: Manage resources and leverage technology to maximize performance and customer service.

Objective 4-5: Maintain an adequate funding source to ensure effective regulation.

- Strategy 4-5-1: Seek/implement legislation to raise registration and renewal fees for securities broker-dealer, securities salesperson, investment adviser, investment adviser representative to a level more commensurate with the fees charged in other jurisdictions.
- Strategy 4-5-2: Obtain legislative approval to raise fees as needed to cover the cost of regulation.
- Strategy 4-5-3: Modify fee structures or implement new fees in rule to promote fairness and cover the cost of regulation. (e.g. mortgage broker examinations).

Objective 4-6: Improve services to customers

- Strategy 4-6-1: Make electronic filing available to more customers.
- Mutual funds
 - Form D notice filers
 - Franchise filers
- Strategy 4-6-2: Complete e-licensing and renewal processes for remaining license types.
- Strategy 4-6-3: Make it easier for consumers to file complaints on-line.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 5: Recruit, support and retain a high performing diverse workforce.

Objective 5-1: Recruit a high performing diverse workforce.

- Strategy 5-1-1: Develop multiple focus groups from within each generation in the current workforce to identify recruitment strategies by June 30, 2010. Implement strategies by June 30, 2011.
- Strategy 5-1-2: Utilize technology and other progressive recruitment tools to broaden talent and applicant pool. (Focus more on using internships and externships).
- Strategy 5-1-3: Review viable options for competitive compensation for Financial Examiner and Financial Legal Examiner job classes.



GOALS, OBJECTIVES AND STRATEGIES (continued)

GOAL 5: Recruit, support and retain a high performing diverse workforce.

Objective 5-2: Support a high performing diverse workforce.

- Strategy 5-2-1: Assess and improve the quality of the new employee orientation program.
- Strategy 5-2-2: Ensuring meaningful feedback for all employees through the PDP process.
- Meta 360 training
- Strategy 5-2-3: Develop and implement a supervisor/manager training program (plan) by: June 30, 2010. Include targeted training on the following:
- Varied management styles
 - Managing a multi-generational workplace.
 - Hiring & interviewing
 - Performance management process
 - Crucial conversations
 - Communications
 - Succession planning
 - Supervising from a distance
- Strategy 5-2-4: Study the feasibility and methods to balance employee to supervisor ratio by December 31, 2010. (What job classes/positions can be used, determining equity, etc.)
- Strategy 5-2-5: Develop and pilot an internal mentoring program for new employees by September 30, 2009.



GOALS

GOAL 5: Recruit, support and retain a high performing diverse workforce.

Objective 5-3: Retain a high performing diverse workforce.

- Strategy 5-3-1: Develop multiple focus groups from within each generation in the current workforce to identify retention strategies by June 30, 2010. Implement strategies by June 30, 2011.
- Strategy 5-3-2: Explore additional performance recognition awards within the ARROW Program (recognition leave, etc.)
- Strategy 5-3-3: Develop succession plans for key positions.



PERFORMANCE MEASURES

ACTIVITY	MEASURE	DIVISION	REPORTING FREQUENCY	TARGETS	
				FY10	FY11
Chartering, Licensing, and Registration	1. Turnaround time in business days for initial response to securities and franchise registration applicants.	Securities	Quarterly	15 days	15days
	2. Average number of business days to process and issue a license.	Consumer Services	Quarterly	10 days	10 days
	3. Number of licensees. (Does not include branches or delegates of licensees. Includes individuals that are licensed and companies that are licensed.)	All Divisions	Quarterly	174,813	174,813
Education and Public Outreach	4. Percent of consumers who rate DFI outreach programs and materials as helpful.	Admin/ Communications	Quarterly	85%	85%
Enforcement	5. Average number of business days to review consumer complaints.	Consumer Services & Securities	Quarterly	90 days	90 days
	6. Number of Enforcement actions taken per quarter.	Combined measure for CS and Securities Divisions	Quarterly	50/qtr	50/qtr
	7. Number of complaints received per quarter.	All Divisions	Quarterly	531	531
Examinations	8. Percentage of banks with satisfactory examination ratings.	Banks	Quarterly	90%	90%
	9. Percentage of credit unions with satisfactory examination ratings.	Credit Unions	Quarterly	85%	85%
	10. Percentage of banking assets held at institutions with satisfactory ratings.	Banks	Quarterly	95%	95%
	11. Percentage of credit union assets held at institutions with satisfactory ratings.	Credit Unions	Quarterly	95%	95%
	12. Number of exams per quarter.	All Divisions	Quarterly	136	136



PERFORMANCE ANALYSIS

Turnaround time in business days for initial response to securities and franchise registration applicants

The Department has consistently beaten the target of 15 business days for initial response to securities and franchise registration applicants.

Average number of days to issue and process a license.

Our current target for this measure is 10 days. During the last five quarters, the Department's ability to issue licenses in a timely manner was significantly impacted by the introduction of Loan Originator licensing. In December 2006, considerable Mortgage Broker Practices Act amendments tasked the Consumer Services Division with licensing the Loan Originators (LO) that take mortgage applications for Mortgage Broker companies. During the first two months of LO licensing, the Division received approximately 10,000 LO applications and ultimately received over 15,000 LO applications. This volume of activity radically exceeded historic volumes, as when LO licensing began, the Division served about 2,900 licensees. Further, this application volume resulted in considerable backlogs that caused the *Average number of days to issue and process a license* performance measure to suffer greatly. The application backlog was ultimately relieved in August of 2007, but the Department was only recently able to return to normal operations due to the aftermath of this tremendous application volume and the subsequent need for the more than 13,700 new LO licensees to renew their newly issued LO licenses by the end of 2007. Going forward the Department fully anticipates it will be able to maintain performance within the established parameters, a remarkable feat given that its 10-day license application turnaround goal is unprecedented amongst its peers. Most regulatory agencies measure their turnaround times in months rather than days, which makes the Department's performance levels all the more impressive especially given that the Department still performs a thorough screening process on each application that includes conducting a complete background check and evaluating the applicant's financial character and fitness.



PERFORMANCE ANALYSIS (Continued)

Number of licensees

The number of licensees is tracked as an information measure only. This measure can help explain changes in other more concrete measures of performance. The target is simply a measure of the number of licensees at a point in time. Currently, the impacts of the subprime mortgage crisis have taken a toll as more than 6,700 mortgage related licensees have closed in the last year. In addition, the threat of federal preemption puts our non-depository licensee base at further risk. On the depository side, the number of banks and credit unions has declined slightly due to mergers and consolidations.

Percent of consumers who rate DFI outreach programs and materials as helpful

This measure has been problematic for the agency as it is gathered through an on-line survey on our Internet site. We have encountered data corruption issues due to bot spam. We will be looking at changing the method of collecting data for this measure.

Average number of business days to review consumer complaints

The department is currently meeting the target of 90 days for this measure by employing an effective triage system that efficiently distributes complaints to the appropriate staff and by focusing on reducing the number of complaints that have been in inventory for more than 90 days. This approach has been successful despite staffing shortages during much of the fiscal year. The Securities Division has received about 10% more consumer complaints in fiscal year 08 than it received in the previous fiscal year.

Number of enforcement actions taken per year

The Department continues to surpass its enforcement action targets, with most of the actions taken in the last year involving denying loan originator applicants with criminal records. The Department has achieved this through frequent case review meetings with staff attorneys.

Number of complaints received per quarter

The Division exceeded its complaint volume target, primarily due to both increased consumer awareness and heightened scrutiny of mortgage related industries.



PERFORMANCE ANALYSIS (Continued)

Percentage of banks with satisfactory examination ratings

The Department has exceeded the 90% goal for the entire 08 fiscal year. The trend, however, is deteriorating with the measure now (June 08) at 90.5%. Overall banking conditions have slowed and the real estate markets have experienced a downturn in construction activity.

Percentage of Credit Unions with satisfactory examination ratings

Credit unions with satisfactory examination ratings was at 99% for the first two quarters of 2008 exceeding the 82.5% goal for the 2008 fiscal year. The trend; however, is deteriorating and the measure is currently at 92%. Overall economic conditions have begun to weaken which has an adverse impact on credit union asset quality and earnings.

Percentage of banking assets held at institutions with satisfactory ratings

Banking assets of satisfactory rated institutions has exceeded the 95% goal for the FY08 fiscal year. Again, the trend is declining, as the measure at 3/31/08 stood at 96.6%. The increase is a function of the number of problem banks rising due primarily to weakening lending activity and various management issues.

Percentage of credit union assets held at institutions with satisfactory ratings

Credit union assets in satisfactory rated institutions was at 99% for the first two quarters exceeding the 95% goal for the 2008 fiscal year. This trend is also declining, as the measure is approaching 96% at the end of FY 2008. The erosion is a function of the number of problem credit unions rising due primarily to weakening lending activity and various earnings and management issues.

Number of exams per quarter

This measure is a composite measure comprise of examinations completed by all program divisions.

In fiscal year 08 the Division of Banks was slightly behind this measure, conducting 58 safety and soundness examinations. The goal was not met due to examiner staffing shortages. The Division has recently hired three examiners who will be starting at the beginning of fiscal year 09, which should help to meet our annual examination goal of 60 examinations.



PERFORMANCE ANALYSIS (Continued)

The Securities Division has met its goal of conducting 54 combined examinations of broker-dealers and investment advisers per quarter. The Division should meet its goal of 215 examinations for the fiscal year. The Division continues to focus on priority examinations (examinations of licensee locations with more than one risk factor) although it also conducts examinations of other locations for training purposes, on a for cause basis, and as part of examination sweeps.

In fiscal year 2008, the Division of Credit Unions was slightly behind this measure, conducting 55 examinations of all types in the first three quarters. The goal was not met due stronger than anticipated credit union performance and reduced need for follow-up exams. With the current deterioration in the economy more exams are anticipated in fourth quarter FY 2008 and throughout FY 2009.



ASSESSMENT OF EXTERNAL CHALLENGES AND OPPORTUNITIES

The operating environment for DFI has undergone significant changes over the last decade. There are many opportunities and challenges facing our industries today. We must be able to meet the growing complexity and changes that are taking place in the industries we regulate and we must closely monitor, and be prepared to respond to economic changes; innovation of products and services; technological advances; legislative and regulatory changes; and actions by federal regulators.

Economic downturns magnify the weaknesses of financial institutions and increase fraudulent activities in the financial services environment thereby creating a greater demand for regulatory assistance and enforcement. In addition, because the agency is supported by fees and assessments from the entities we regulate, economic downturns reduce revenues at a time when services are most needed. This coupled with laws limiting fee increases present challenges to accomplishing our mission.

The financial markets continue to evolve and products and transactions are becoming increasingly complex. Consumers do not always understand the transactions they are entering into which can lead to disastrous outcomes such as currently seen in the sub-prime mortgage market crisis. As a regulator, we must ensure that our staff receives up to date training in the latest products in order to effectively regulate, and we must focus on outreach and education to assist consumers in protecting themselves. The sub-prime lending crisis has brought positive focus on the need for effective state regulation and outreach. As a result, DFI has fared well in getting needed legislation passed. Public recognition of the importance of financial literacy education has created the opportunity for DFI to expand its consumer outreach program and to develop partnerships with other financial literacy providers.

The current states' regulatory role continues to be challenged by threatened federal preemption that could eliminate or significantly impede our ability to regulate certain financial entities. We must continue to be a voice and partner with other states to educate citizens and Congress on the value of state regulation.



ASSESSMENT OF INTERNAL CAPACITY AND FINANCIAL HEALTH

The Department considers its employees to be its most important resource, however, we face strong competition from other regulators and industry for our professional staff.

Seasoned staff are in high demand by federal regulators, which typically pay higher salaries than DFI is able to offer. Financial turmoil has increased the demand for experienced regulators. Legislative changes, market forces, new products, and specialized services are rapidly changing the nature of regulation. This rapid change requires constant recruitment and training of professional staff and that continues to be a major challenge for us.

DFI's advantage over other regulators however, is our culture which focuses on achievement, quality of life, professional growth and support of our employees. To continue to ensure that we are addressing recruitment and retention issues, we have created an internal Recruitment and Retention Committee comprised of program managers from each division across the agency that meets on a bi-monthly basis to explore options, discuss new territory, and propose new ways for the agency to address ongoing issues with recruitment and retention. Some of the tools that DFI currently utilizes in recruiting the right candidate for the job are use of supplemental questionnaires, targeted and behavioral interview questions, and specific skills testing in our recruiting process - which help to "hone in" on the required or desired competencies we are seeking in the candidates. DFI is also successfully utilizing recruiting premiums to offer competitive salaries in the Financial Examiner 1 (entry level class) as a result of the changes to the rules brought about by Civil Service Reform. In addition, DFI offers a generous benefits package, flexible working schedules, tuition reimbursement, and a performance recognition pay program that recognizes employees' outstanding and extraordinary performance in support of the agency's mission.

DFI is a small agency and must accomplish its mission with limited resources. The demand for investigative and enforcement resources greatly exceeds the Department's capacity. As a result we have had to be highly focused on areas of highest risk to consumers. We must, and have successfully, partnered with other agencies to bring cases that would have been too large for the Department to bring on our own. We continue to explore efficiencies through leveraging technological solutions such as imaging and electronic workflow. Technology allows DFI to make the most of its human resources.



ASSESSMENT OF INTERNAL CAPACITY AND FINANCIAL HEALTH (Continued)

Technology has also helped us to ensure the utmost in protection of sensitive data through implementation of the latest technological solutions for protection of data from unauthorized access.

In the 09-11 biennium, we anticipate a significant drop in revenue from non-depository regulated entities based on claims of preemption from state regulation by affiliates of federally chartered banks. Federal preemption, coupled with the sub-prime lending crisis which has caused many consumer loan companies to go out of business, will have a substantial impact on the Department's revenue at a time when the need for services and regulatory action are increasing. The loss of revenue has been cushioned in the current biennium by final payments made by companies dropping registration or going out of business but once those payments are received, the Department will experience a drop in revenue in following years. As a result, this strategic plan includes objectives to explore changing the fee structure to better cover the cost of regulating the Department's remaining registrants as well as other objectives to improve efficiency and effectiveness of our operations. The management team continues to explore cost cutting and saving measures through it's GMAP process.

