

Texas Consumer Finance Association

July 20, 2023



TEXAS OFFICE OF CONSUMER
CREDIT COMMISSIONER



Agency Updates



Legislative
Updates



Compliance
Updates



Legislation Update

OCCC Technical Corrections Bill (SB 1371):

- Clarifies that a licensee may surrender license by complying with OCCC instructions.
- Simplifies provision for disclosing registered agent to OCCC.
- Clarifies investment standards for OCCC funds.
- Includes citation updates and corrections.

Data Breach Notifications (SB 768):

- Changes deadline for business to notify attorney general of data breach, from 60 days to 30 days.

Data Broker Registration (SB 2105):

- Requires data brokers to register with the Secretary of State and make disclosures.
- Does not apply to information or persons subject to federal Gramm-Leach-Bliley Act.

Legislation that DID NOT pass in 2023:

- **HB 225:** Would have raised Subchapter F reference base amount from \$200 to \$300.
(Did not pass House.)
- **HB 4219:** Would have added federal funds rate to Subchapter E three-tiered rate.
(Vetoed by Governor.)



Compliance Update

- Recent and upcoming rules are posted at:
<https://occc.texas.gov/publications/rules>
- The current Texas Administrative Code is at:
[https://texreg.sos.state.tx.us/public/readtac\\$ext.viewtac](https://texreg.sos.state.tx.us/public/readtac$ext.viewtac)
- The OCCC reviews each rule chapter at least once every four years.
- Send an email to legal staff if you have suggestions for revising the OCCC's rules.

FTC Safeguards Rule

What Your Business Needs to Know

<https://www.ftc.gov/business-guidance/resources/ftc-safeguards-rule-what-your-business-needs-know>



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- The FTC Safeguards Rule implements the federal Gramm-Leach-Bliley Act, 15 USC 6801, and applies generally to financial institutions.
- The complete text of the current rule is available at: <https://www.ecfr.gov/current/title-16/part-314>
- Small business entity guide: <https://www.ftc.gov/business-guidance/resources/ftc-safeguards-rule-what-your-business-needs-know>

Key provisions that were previously in effect:

- Develop, implement, and maintain information security program to insure security and protect from threats and unauthorized access. Program must be appropriate to institution's size and complexity, and must be written. 314.3(a)-(b)
- Perform a risk assessment (and periodic reassessments) of risks to security and sufficiency of safeguards. 314.4(b)

Key provisions previously in effect, cont.:

- Test effectiveness of safeguards' controls, including those to detect actual and attempted attacks on information systems. 314.4(d)(1)
- Oversee service providers, including requiring providers by contract to implement safeguards. 314.4(f)
- Evaluate and adjust program in light of testing and monitoring. 314.4(g)

New provisions effective 6/9/23 for all institutions:

- Designate a qualified individual to oversee program (or senior staff to oversee third-party provider or affiliate). 314.4(a)
- Design and implement safeguards to control risks (incl. user access controls, encryption, MFA, disposal, data retention). 314.4(c)
- Develop policies and procedures to ensure personnel are able to enact program. 314.4(e)
- Periodically assess service providers based on risk. 314.4(f)(3)

New provisions effective 6/9/23 for institutions maintaining info on 5,000 or more customers:

- Develop a written risk assessment. 314.4(b)(1)
- Conduct either:
(1) continuous monitoring, or (2) annual penetration testing & semiannual vulnerability assessments.
314.4(d)(2)
- Establish written incident response plan to recover from security events. 314.4(h)
- Qualified individual must report in writing at least annually to board of directors or governing body.
314.4(i)



Texas Consumer Installment Loan Data Trends

Preliminary 2022 data
(as of 7/12/2023)

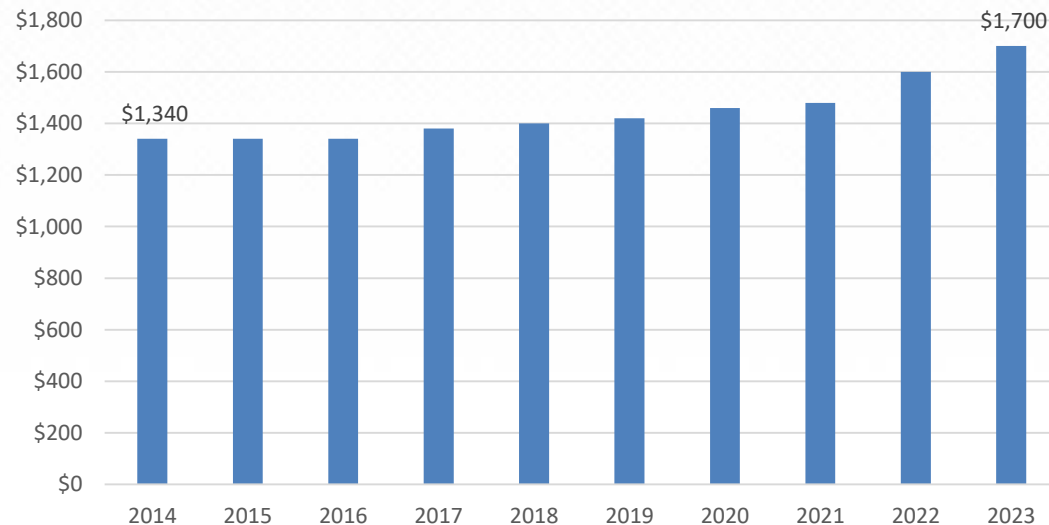
342-F Max Loan Amounts

- Increased from \$1,600 to \$1,700 (*5.88% yearly increase*)
- \$1,340 to \$1,700 (*27% increase since 2014*)


Acts 2005, 79th
Leg., Ch. 1018
(H.B. 955)


Doubled the
maximum cash
advance effective
9/1/2005

342-F Max Loan Amounts




Leading Indicators

Consumer Confidence Index increased 7.2 points (*Texas Consumer Confidence increased 7.7 points for the same period*) 

Residential Single Family Building Permits decreased 12.7% in the 12 months preceding May. Multi-unit permits (5 units or more) decreased 12.2% over the same period. 

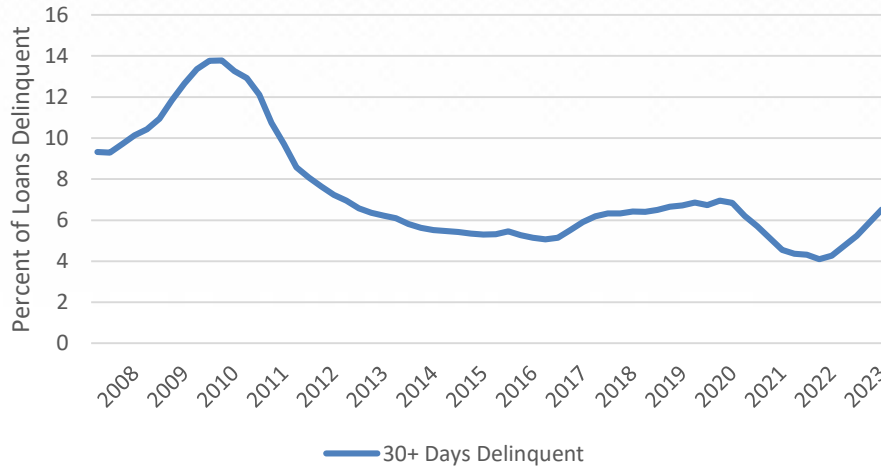
Lagging Indicators

CPI was up 0.1% in May and 4.1% over 12 months (*Texas CPI was up 4% for 12 months*) 

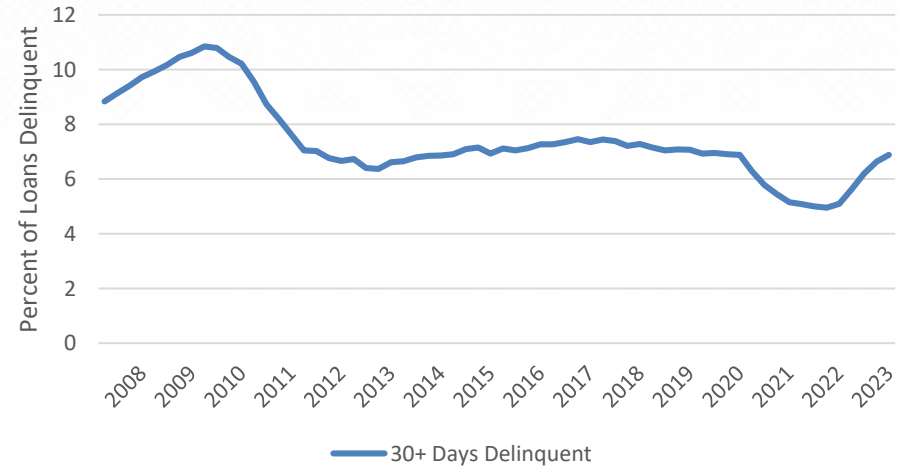
The unemployment rate increased 10 basis points to 4.1% in June (*Texas increased 10 basis points in May*) 

National Credit Delinquencies

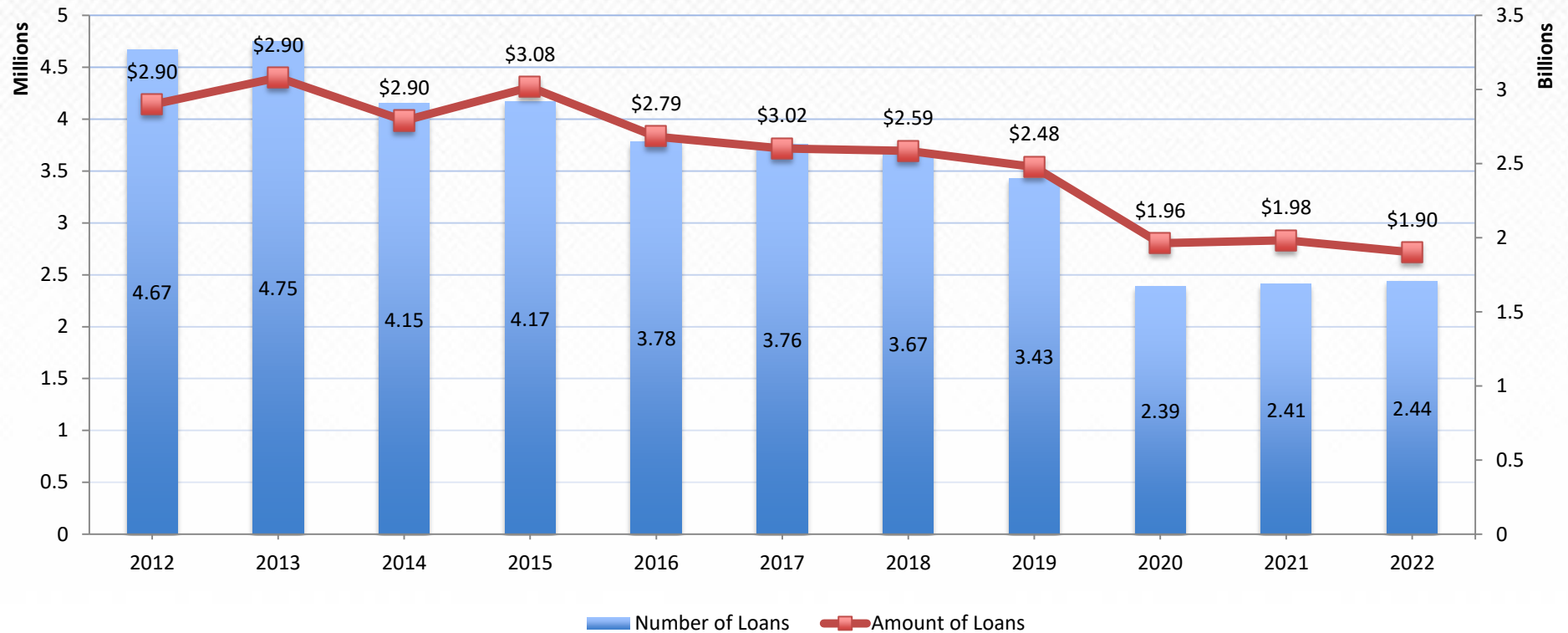
Credit Card Delinquencies



Auto Loan Delinquencies

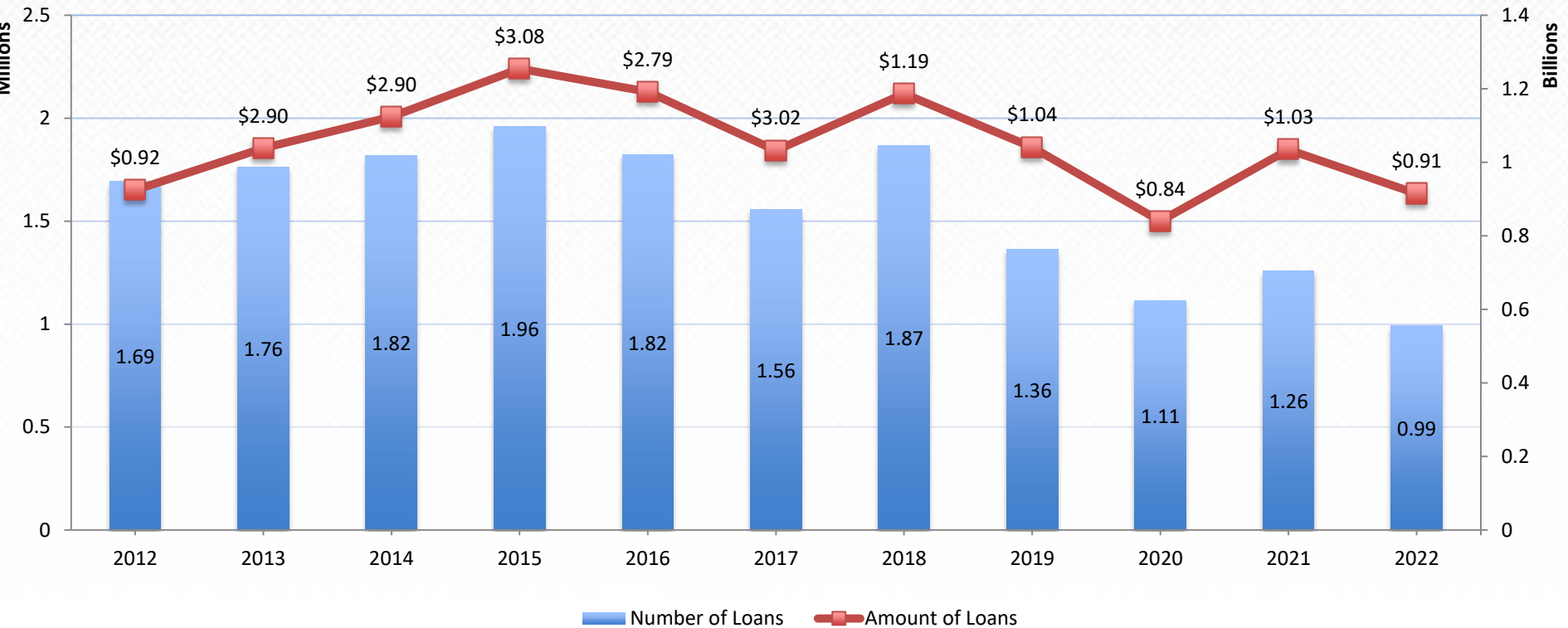


342-F Loans Made



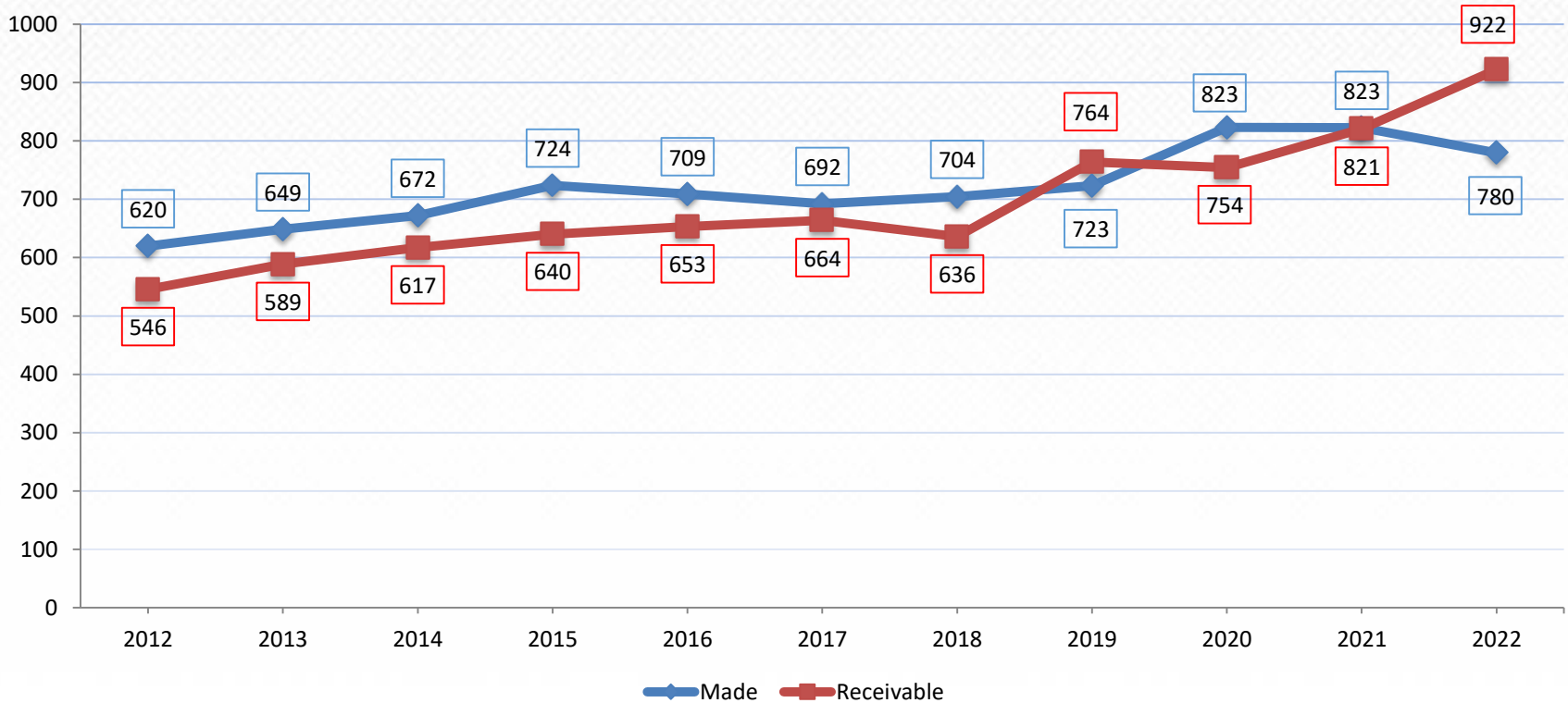
*Preliminary data through 7/12/2023

Loans Receivable



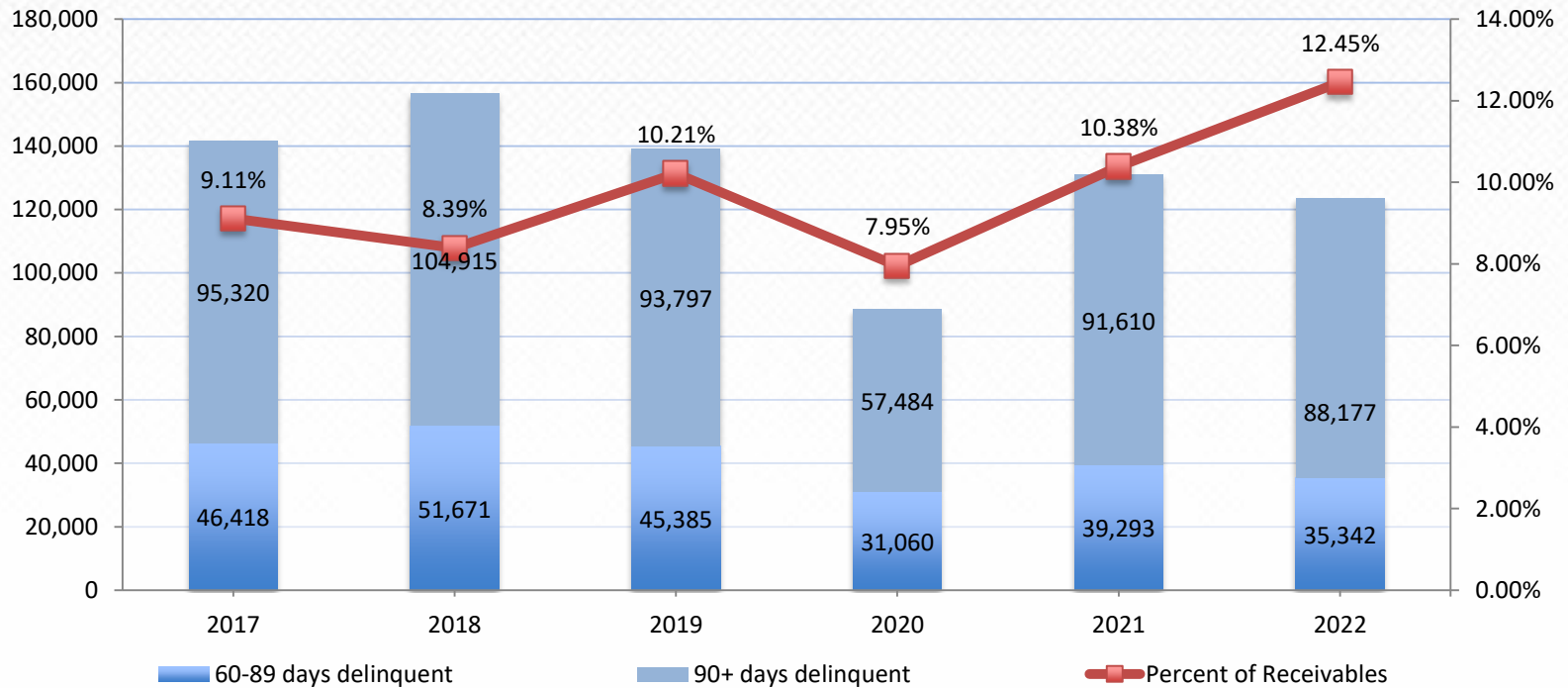
*Preliminary data through 7/12/2023

Average Amounts



*Preliminary data through 7/12/2023

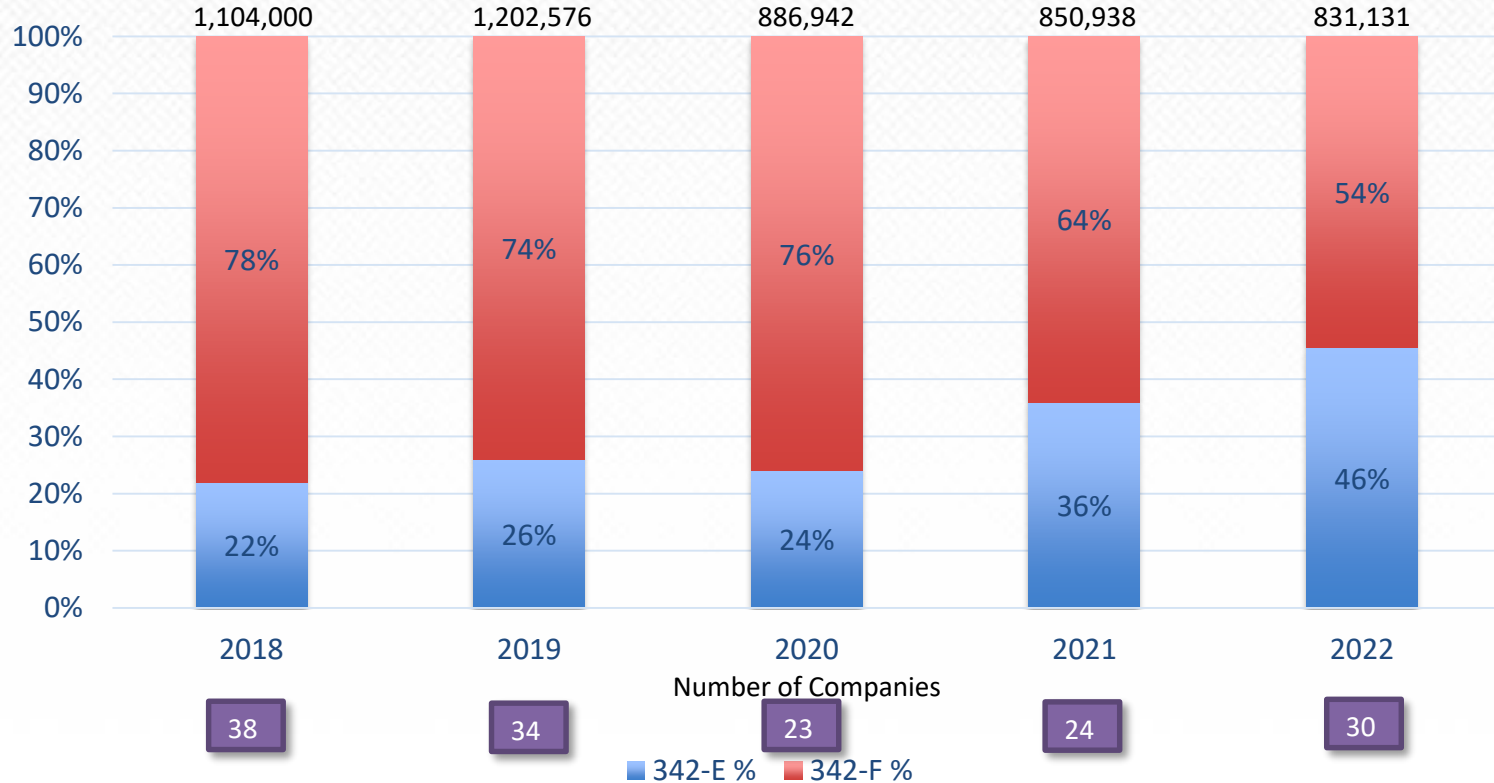
Number of Delinquent Regulated Loans*



*May include other types of Regulated Loans
data as of 7/12/2023

Companies Making both 342-E and 342-F Loans

(Total loans, Percentage by Type, and Number of Companies)

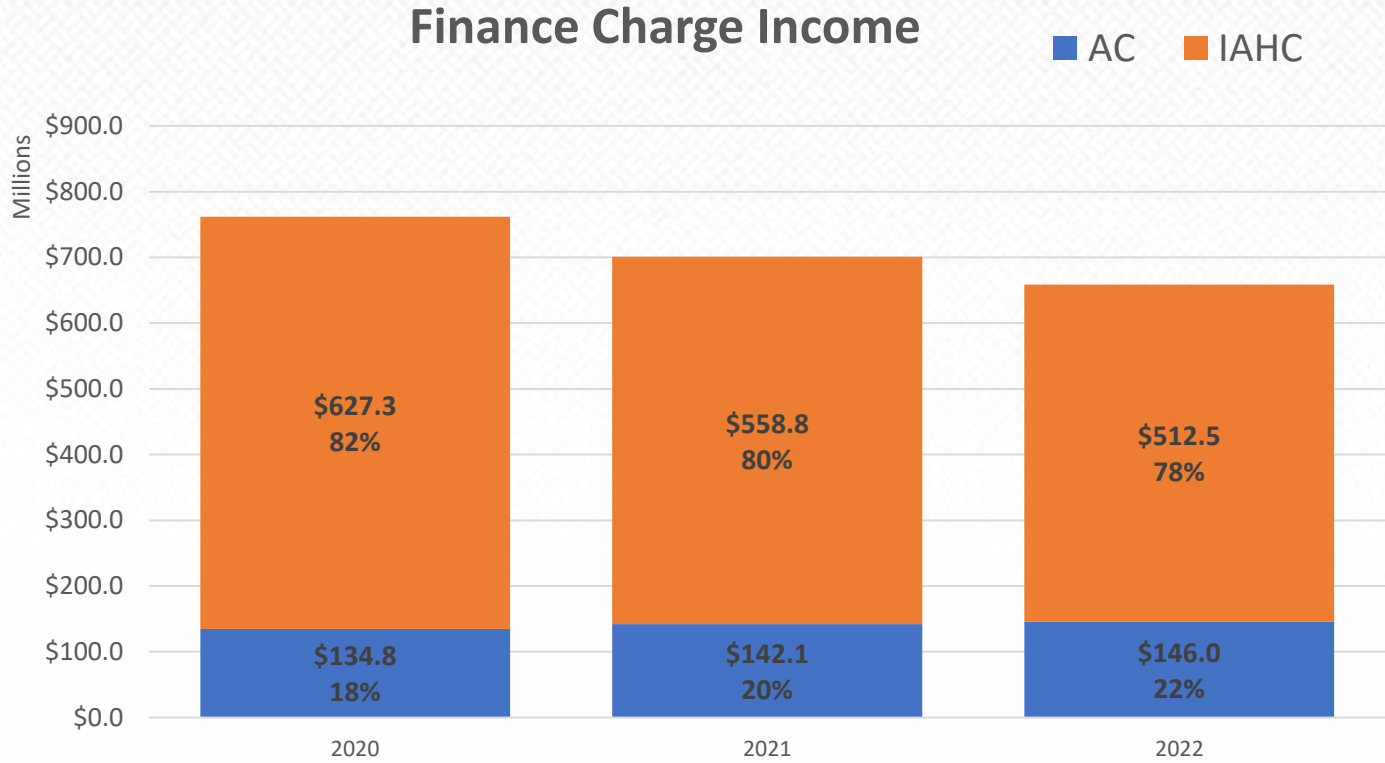


Data as of 7/12/2023

Total Income (company wide)



**Data as of 7-12-2023. Includes income and expenses from all business activity.*



Data as of 7/12/2023

