

Stephany Trotti

Deputy Commissioner/Director of Thrift Regulation
Department of Savings and Mortgage Lending



Stephany Trotti is Deputy Commissioner/Director of Thrift Regulation with the Department of Savings and Mortgage Lending. She joined the Department in July 2003 and has served many roles within the Department.

Stephany received her Bachelor of Business Administration in Accounting from Texas A&M University and her Master of Accountancy from Texas State University. She is a Certified Examinations Manager and a Certified Public Accountant

Hot Topics

Stephany Trotti

Deputy Commissioner / Director of Thrift Regulation

Thrift Industry Day

September 28, 2023



What are we seeing?

- Cybersecurity Threats
- Increasing CRE level
- Moderate to high IRR exposure
- Liquidity challenges
- Loan Demand (high and low)
- Compliance
- Inadequate management succession
- CECL implementation
- Political Environment
- Retaining and Recruiting Employees
- Regulatory Burden
- Technology evolution
- Digital Products/Assets
- Social Media
- Fintech Competition
- Customer Expectations

Social Media

Benefits:

- Efficient Customer Service
- Marketing/Advertising
- Communication
- Analytics

Considerations:

- Identify the objectives for using social media
- What to post
- What platforms are best
- Moderating narrative
- Track performance

Retaining and Recruiting Talent

- Culture
- Hire for potential, not experience
- Monitor competitor strategies
- Survey current employees
- Employee Engagement
- Remote work options
- Mentoring
- Review compensation package
- Deliver for your employees
- Be prepared for turnover

FinTech Competition

- Customer demand for speed, efficiency, and better user experience
- Banking-as-a-Service (or BaaS)
 - Due diligence and ongoing monitoring
 - Establish responsibilities and expectations
 - Dynamic risk management
 - Automate compliance workflows
 - Remember ALL problems are the bank's problem!
- 3rd Party Risk Management
 - FIL 29-2023 Interagency Guidance on Third-Party Relationships: Risk Management
 - <https://www.fdic.gov/news/financial-institution-letters/2023/fil23029.html>

Commercial Real Estate (CRE)

- Trends
- Expectations
- Guidance
 - Supervisory Insights July 2023 – Managing CRE Concentrations
 - <https://www.fdic.gov/regulations/examinations/supervisory/insights/siwin07/siwinter2007-article02.html>
 - FIL 34-2023 Interagency Policy Statement on Prudent Commercial Real Estate Loan Accommodations and Workouts
 - <https://www.fdic.gov/news/financial-institution-letters/2023/fil23034.html>
 - FIL 61-2009 Policy Statement on Prudent Commercial Real Estate Loan Workouts
 - <https://www.fdic.gov/news/inactive-financial-institution-letters/2009/fil09061.html>

Digital Products

Challenges

- Cybersecurity and fraud detection
- Competition in the digital banking space
- Cost of Technology
- Missing talent

Keys to success

- Reduce complexity
- Set comprehensive budget
- Overinvest in the cultural shift
- Attract strong talent
- Consider legal and reputational risks
- Monitor and track success

Cybersecurity

- Scams
- 3rd party vulnerabilities
- Spoofing and phishing
- Ransomware Self-Assessment Tool (RSAT)
 - <https://www.csbs.org/ransomware-self-assessment-tool>
- Exam expectations

CECL

- Fully implemented
- Exam Posture
- Most popular-SCALE/WARM
- Day 1 adjustments
- Levels consist with previous ALLL

Risk Management Strategies

- Urgency is key
- Build resilience
- Dynamic risk evaluation
- Gap Identification
- Meaningful risk limits
 - Early warning indicators (EWIs)
 - Total risk tolerance
- Engage with your regulator!
 - Emerging Issues Call 😊

Questions?

Contact Information:

Stephany Trotti

Deputy Commissioner/Director of Thrift Regulation

737.222.0265

strotti@sml.Texas.gov