



Texas State Securities Board

Report on Customer Service

May 2008

In 2008 the Texas State Securities Board (SSB) conducted its fourth biennial survey of external customers, pursuant to Section 2114.002 of the Texas Government Code.

Customers for each of the agency's four budget strategies listed in the General Appropriations Act were surveyed.

Law Enforcement Strategy

Customers: Securities investors, state and federal prosecutors, and other state and federal law enforcement officials.

Services: SSB investigates suspected violations of the Texas Securities Act and works with state and federal prosecutors and other law enforcement officials to ensure that appropriate enforcement actions are taken, ranging from administrative action to criminal prosecution of persons who violate the Act.

Securities Registration Strategy

Customers: Securities investors, securities issuers, entrepreneurs, and small businesses.

Services: SSB provides registration records to the public upon request, conducts extensive reviews of securities registration applications, processes notice filings, refers suspected fraudulent offerings to enforcement personnel, and provides assistance to entrepreneurs, small businesses, and others who contact the agency for assistance regarding capital formation, registration, or exemptions from registration.

Dealer Registration Strategy

Customers: Securities investors and securities dealers and agents, investment advisers, and investment adviser representatives who apply to register with the agency.

Services: SSB provides registration records to the public upon request, conducts extensive reviews of registration applications, carries out background checks on applicants, ensures compliance with examination requirements, and opposes or conditions the registration of certain applicants.

Inspections Strategy

Customers: Securities investors, registered securities dealers, and registered investment advisers.

Services: The agency conducts comprehensive, on-site inspections of the records of registered securities dealers and investment advisers to ensure their compliance with statutory and regulatory requirements, evaluates complaints concerning registered dealers and investment advisers, and reviews administrative and law enforcement actions taken against registered persons.

Additionally, customers of the General Counsel Division and the Investor Education program were surveyed. External customers of the General Counsel Division include attorneys and other securities professionals who seek information and interpretive guidance on the law and regulations governing the agency's activities.

Staff in the Investor Education program make presentations, distribute printed materials, maintain Web-based resources, and work with educators to assist Texans in becoming informed investors. The program's target populations are senior investors and high school students.

After reviewing lessons learned in conducting previous surveys, the agency made several changes in 2008.

Survey Form

The form used in past surveys was examined for the clarity of questions asked and its applicability to SSB customers. Some questions included in previous years, such as those concerning agency facilities and publications, were eliminated, since previous surveys had resulted in very high percentages of "not applicable" responses to these questions. Because the agency's high-volume registration services are provided in large part by mail and online multi-state computer applications, few customers have a need to visit SSB offices. Most of the agency's publications are distributed through the Investor Education program via conference exhibits or in conjunction with presentations to community groups.

Several questions were added to the 2008 survey form to gain information as to how often, and in what ways, customers had contact with the agency. Other questions, such as those concerning communications and timeliness were reworded to be clearer and more tailored to services provided by the agency.

Rather than respondents rating the agency's services on a numeric scale ranging from 5

(Excellent) to 1 (Poor), in 2008 respondents were asked to indicate their level of agreement with statements about specific service components as Strongly Agree, Agree, Neutral, Disagree, or Strongly Disagree. As in previous surveys, a “Not Applicable” option was provided for each item. Additionally, two open-ended questions were included to allow respondents to express their thoughts about the agency’s services more fully and to make suggestions to improve services. In prior years, written comments have provided some of the most useful survey information.

A copy of the survey form is included as an attachment to this report.

Sample Selection

Three objectives were established for the selection of agency customers who would receive the 2008 survey form: (1) A large sample, representative of SSB customers; (2) A focus on customers who had had recent contacts with the agency; and (3) Elimination of duplicate forms to the same recipient.

For the Enforcement strategy, a sample size of 118 was drawn. Recipients included state and federal prosecutors and other law enforcement officials that Enforcement staff have worked with to combat securities violations, as well as persons who have provided information for recent Enforcement investigations.

As in the past, the largest number of survey forms were targeted to the agency’s two large customer groups, those in the Registration strategies.

The securities database was used to select the sample for Securities Registration. First, records of securities applications received in 2006 and 2007 were identified. These totaled 97,436. The associated correspondents for these applications were then identified. (Correspondents are attorneys or other professionals who handle the process of registering securities for securities issuers.) An unduplicated count of correspondents resulted in a sample size of 311 for Securities Registration.

The sample for the Dealer Registration strategy was drawn from the active dealers file. (For clarification, the file contains records on both securities dealers and investment advisers.) Because firms are responsible for registering their agents and investment adviser representatives, the file is maintained by firm name. At the time the sample was drawn there were 3,856 firms in the file. In 2006 and 2007 more than 300 new firm records were created each year. To focus on firms that would have had activity with the agency in 2006-07, 250 names were selected from the new records each year for a total of 500. Mailing labels were addressed to the individual listed as the designated principal for each firm or, if no principal was listed, to the firm’s registration/compliance office.

In the Inspections strategy, the survey form was sent to all registered dealers and investment advisers whose offices had been inspected by the agency from September 1, 2006 to December 31, 2007. These totaled 303.

A total of 106 survey forms were sent to the General Counsel customers who have requested notification of all rules proposed or adopted by the agency and those who subscribe to an agency service that provides printed updates to the agency's rule book.

The 50 individuals sampled for Investor Education were comprised of persons who have requested speakers for community groups they represent, educators who have used Investor Education resources in their classrooms, and persons affiliated with organizations representing target populations served by Investor Education, such as AARP and senior community centers.

Survey Process

On February 13, 2008, a total of 1388 survey forms with postage-paid, return-address envelopes were mailed to agency customers as described above. Recipients were asked to return their completed forms by March 15, 2008. All forms received by April 7, 2008 were included in the data analysis.

A total of 466 completed surveys were returned, for an overall response rate of 34.1% – nearly 10% higher than in 2006. Response rates by customer group were as follows:

Enforcement	39.8%
Securities Registration	25.5%
Dealer/Investment Adviser Registration	33.2%
Inspections and Compliance	45.4%
General Counsel	22.9%
Investor Education	38.0%

Response rates for each category were calculated by dividing the number of completed surveys received divided by the total mailed in each category as adjusted for forms returned as undeliverable. Only 20 undeliverable forms were returned in 2008, compared to approximately 100 in 2006.

Survey responses were anonymous, except in a few instances in which respondents chose to include their names. The forms were coded prior to mailing to indicate to which customer group each form belonged. There is some overlap of customers across strategies, so a form coded for a particular customer group could include responses based on a broader customer experience with the agency.

Responses for each survey question were tallied by strategy, or customer group, and entered into spreadsheets to facilitate analysis. Spreadsheets were also prepared totaling all survey responses by strategy and by customer service quality element.

Findings and Analysis

Table 1 documents the responses to the survey questions. (The table does not include "Not applicable" responses nor written comments suggesting how to improve services or those providing additional information.)

Table 1. Responses to Survey Questions
(Excludes "Not Applicable" Responses and Written Comments)

	None	Once	2-5	More than 5	
How many times have you had contact with the Texas State Securities Board during the past year?	52 (11.4%)	97 (21.2%)	198 (43.2%)	111 (24.2%)	
	In person	Phone	Mail	E-mail	Internet
What type of contact did you have? <i>(Mark all that apply.)</i>	155 (18.1%)	329 (38.4%)	189 (22.1%)	150 (17.5%)	33 (3.9%)
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Staff					
1. Staff members were courteous, professional, and demonstrated a willingness to assist.	230 (57.5%)	138 (34.5%)	18 (4.5%)	2 (0.5%)	12 (3%)
2. Staff members were knowledgeable and helpful.	210 (53.2%)	158 (40%)	10 (2.5%)	6 (1.5%)	11 (2.8%)
3. Staff members identified themselves by name.	227 (57.6%)	140 (35.5%)	18 (4.6%)	0 (0%)	9 (2.3%)
Communications					
1. When you called, you were connected in a timely manner to a person who could assist you.	175 (48.3%)	155 (42.8%)	16 (4.4%)	5 (1.4%)	11 (3%)
2. When you left a telephone message, a staff member responded in a reasonable time.	124 (41.3%)	141 (47%)	18 (6%)	8 (2.7%)	9 (3%)
3. When you sent an e-mail message, you received a timely response.	113 (50%)	93 (41.2%)	13 (5.8%)	4 (1.7%)	3 (1.3%)

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
4. In your experience, staff members are accessible.	183 (46.8%)	170 (43.5%)	21 (5.4%)	7 (1.8%)	10 (2.6%)
5. You received the information you needed concerning agency services in a timely manner.	171 (46.7%)	158 (43.2%)	15 (4.1%)	9 (2.5%)	13 (3.6%)
6. You were given clear explanations about agency rules and procedures.	149 (40.3%)	163 (44.1%)	32 (8.6%)	14 (3.8%)	12 (3.2%)
Web Site (www.ssb.state.tx.us)					
1. The Web site was well organized and easy to use.	37 (16.8%)	103 (46.8%)	55 (25%)	22 (10%)	3 (1.4%)
2. Information on the Web site was helpful.	43 (19.6%)	122 (55.7%)	41 (18.7%)	10 (4.6%)	3 (1.4%)
3. You found the information you needed on the Web site.	40 (18.4%)	108 (49.8%)	48 (22.1%)	16 (7.4%)	5 (2.3%)
Timeliness					
1. You were informed in a timely manner of deficiencies in an application for registration.	83 (32.8%)	124 (49%)	21 (8.3%)	15 (5.9%)	10 (4%)
2. You were given a clear explanation as to how to correct the deficiencies.	99 (39.1%)	108 (42.7%)	20 (7.9%)	18 (7.1%)	8 (3.2%)
3. You were informed in a timely manner of the application decision (grant, deny, or allow withdrawal.)	92 (37.7%)	115 (47.1%)	20 (8.2%)	9 (3.7%)	8 (3.3%)
4. Your registration renewal was processed in a timely manner.	130 (41.8%)	140 (45%)	24 (7.7%)	8 (2.6%)	9 (2.9%)
5. When you reported an amendment to your registration information, it was processed in a timely manner.	91 (38.9%)	103 (44%)	25 (10.7%)	6 (2.6%)	9 (3.8%)
6. You received written follow-up to an on-site inspection of your office in a timely manner.	61 (36.1%)	72 (42.6%)	17 (10.1%)	11 (6.5%)	8 (4.7%)
General: Overall, you are satisfied with the services you received from the Texas State Securities Board.	197 (47.4%)	180 (43.3%)	17 (4.1%)	11 (2.6%)	11 (2.6%)

When responding to the single statement, "Overall, you are satisfied with the services you received from the Texas State

Securities Board,” nearly 91% of the survey respondents indicated that they strongly agreed or agreed that they were satisfied with the services they had received.

Similarly, nearly 86% of all responses to all statements regarding specific agency services rated the agency’s services positively (i.e., Strongly Agree or Agree). When analyzed by Strategies (Table 2), positive responses ranged from 79.4% for the Investor Education strategy to 95.4% for the Enforcement strategy.

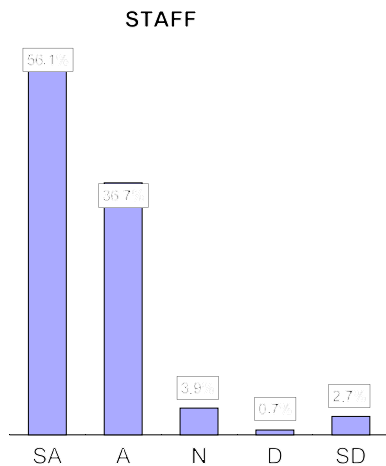
Table 2
Responses that Services are Satisfactory by Strategies

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Enforcement	71.9%	23.5%	1.9%	0.5%	2.2%
Securities Registration	38.5%	47.1%	10.4%	2.8%	1.2%
Dealer Registration	39.6%	44.3%	8.9%	3.6%	3.5%
Inspections & Compliance	38.6%	47.6%	7.8%	3.8%	2.3%
General Counsel	51.6%	35.9%	5.5%	4.1%	2.8%
Investor Education	49.2%	30.2%	7.9%	0.5%	12.2%
All Strategies	42.4%	43.4%	8.1%	3.2%	2.9%

When survey responses were tallied by Service Elements (Table 3), the percentage of positive responses (Strongly Agree or Agree) ranged from 69.1% for the agency Website to 92.8% for agency Staff.

Table 3
Responses that Services are Satisfactory by Service Elements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Staff	56.1%	36.7%	3.9%	0.7%	2.7%
Communications	45.4%	43.7%	5.7%	2.3%	2.9%
Website	18.3%	50.8%	22.0%	7.3%	1.7%
Timeliness	38.0%	45.2%	8.7%	4.6%	3.6%
All Services	42.4%	43.4%	8.1%	3.2%	2.9%

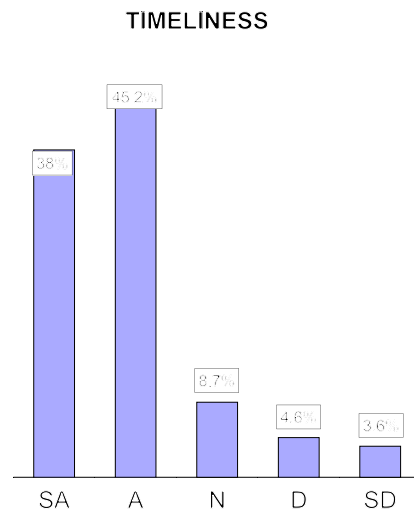
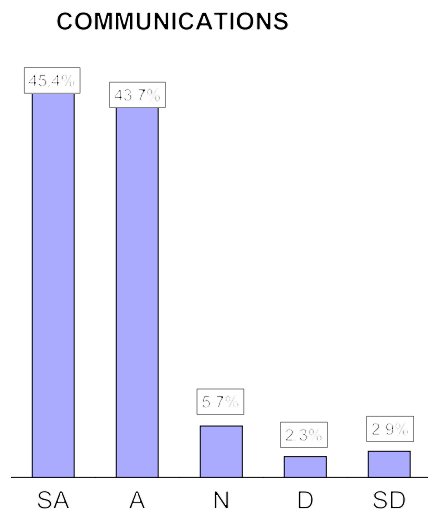


The Staff service element, which addresses customer assessments of staff members' courtesy, knowledge, and helpfulness, has consistently received positive ratings in previous surveys. Even so, this year's 92.8% rating exceeded the 2006 rating of 84.0%.

As in the past, various respondents chose to write compliments regarding SSB staff or individual staff members.

The Communications and Timeliness service components are of particular importance in assessing the agency's customer services, as the questions in these two areas directly address standards documented in the agency's Compact with Texans. Survey questions concerning communications queried respondents on such matters as contacting agency staff via phone or e-mail, accessibility of staff, and whether needed information was received in a timely manner. Questions addressing timeliness focused on key steps in the agency's registration and renewal processes.

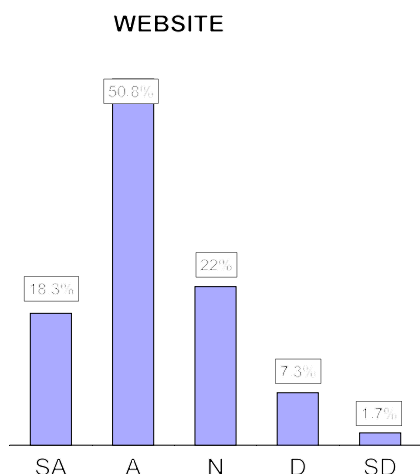
In 2006 each of these components received positive ratings in excess of 75%. In the current survey, 89.1% of the responses regarding Communications were positive, and 83.2% were positive regarding Timeliness.



Review of

the responses to the individual questions in these sections of the survey form can provide additional insight into respondents' assessment of the agency's performance in these two important areas. As in the past, members of the agency's senior staff will have the survey results at this level of detail for their areas of responsibility.

Survey questions regarding the agency's Website asked respondents to rate the site with respect to ease-of-use and whether the posted information was helpful.



Nearly 50% of the responses regarding the Website were “not applicable,” indicating that many of the agency's customers have little or no experience with the site. Of those who rated the Website, 69.1% of the responses were positive – only a little better than the 66.5% positive rating in 2006.

The Website was redesigned in 2007, but the content was not changed substantially. A number of respondents wrote comments about the Website, indicating that some users find it difficult to locate needed information while others want the information presented in more user-friendly language.

Few comments regarding difficulty finding information were specific enough to be of much assistance. For example, it was not always clear whether a user could not locate information because it is not on the site, or whether it is an issue of site organization. Several respondents indicated that after talking with staff members, they were directed to the information they needed, suggesting that as staff speak with callers about the Website they should be alert as to what is causing a user's difficulty in locating information.

Nearly 27% of the respondents wrote comments in response to one or both of the open-ended questions at the end of the survey form. Customer comments were most numerous in the Inspections, Dealer, and Securities Registration strategies. Many of these offered suggestions for improving agency services, especially with respect to the processes involved in registering securities or securities professionals. A complete compilation of comments for each strategy will be available for consideration by the agency's senior staff.

The high response rate (34.1%) for this year's survey suggests that the survey results can be considered reliable in assessing customer satisfaction. The overall sample cannot be considered statistically valid, however, because of necessary differences in the ways samples were drawn for each of the strategies.

Other limitations on the data include the difficulty of surveying some customers, such as in the General Counsel area, where many customers communicate with the agency primarily by phone or e-mail. In the Investor Education program, when staff give presentations, they request evaluation forms from participants; they have not yet found a satisfactory way to obtain customer evaluations of the printed materials they distribute during presentations or as conference exhibitors.

Perhaps the greatest limitation on the data is the unknown accuracy of respondents' recall of their contacts with the agency. This could be an issue for customers who have infrequent contacts with the agency or those who deal with securities regulators in multiple states. Finally, though care was taken in developing the 2008 survey form to word

questions as clearly as possible, different respondents will interpret questions differently. This could be seen in something as simple as a respondent who reported one contact with the agency, but then listed 2-3 different types of contact.

Despite these limitations, the survey affords the agency a good means of periodically assessing satisfaction with the agency's services and receiving suggestions for improving services, as reported by its primary customers.

In contemplating further improvement in the survey process in future years, alternate approaches to surveying some customer groups should be considered. While a past effort at an online survey form was not successful, it will be considered again. For other customers, a method to measure satisfaction at the time of service may be appropriate.

Customer-Related Performance Measures

Outcome Measures

Percentage of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Rendered	90.7%
--	-------

Percentage of Surveyed Customer Respondents Identifying Ways to Improve Service Delivery	7.9%
--	------

Output Measures

Number of Customers Surveyed	1368 survey forms delivered; 466 completed (34.1% response rate)
------------------------------	--

Number of Customers Served	Unduplicated count undetermined. Total customer count includes registrants, Texas investors, and businesses which rely on a free and competitive securities market to raise capital.
----------------------------	--

Efficiency Measures

Cost Per Customer Surveyed	\$3.60 per survey mailed
	\$10.73 per completed survey

Costs include:

Postage (for survey mailout and return envelopes) - \$1,027.12

Paper, envelopes, mailing labels, and
copy charges - \$222.53

Staff time (survey preparation and
mailout, data compilation and analysis,
report writing) - \$3,750