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PART IV: THE EXAMINATION QUESTIONNAIRE

The Ombudsman's Office distributes the Examination Questionnaire to each national bank at the end of every examination cycle. Using this confidential survey, the office seeks to obtain candid feedback on the OCC's local supervisory office, as well as the OCC as a whole.

Banker feedback helps us to measure how well we do our jobs and to identify areas where we can do better.

A Valuable Resource

National bank officers and directors are valuable sources of information for the OCC in assessing how well the agency is accomplishing its mission. The questions provide bankers an opportunity to share their experiences in working with examiners, attorneys, accountants, and other agency staff members. Bank directors and officers are in the best position to comment on issues such as supervisory effectiveness, regulatory burden, and OCC responsiveness.

Like all other communication with the Ombudsman's Office, responses to the survey are held in the strictest confidence.

Questionnaire Contents

The questionnaire asks institutions to rate the OCC on 22 statements about examinations and the supervisory process in general. Bankers respond on a scale of 1 (completely agree) to 5 (completely disagree). The response rate consistently hovers around 40 percent.

Four narrative questions allow bankers to respond in more detail. Two questions ask about the most and least useful aspects of the OCC supervisory process. The other two ask where examiners need greater knowledge and how supervision needs to change to keep pace with the industry.

Questionnaire Results

As in past years, the results of questionnaires during calendar years 2005–2006 remain positive. The average rating on the 22 specific statements during the past two years is 1.52. This aggregate rating indicates that respondents generally agree that their local supervisory offices and the OCC as a whole provide effective supervision of their institutions. See Table 1, “Examination Questionnaire Results,” for the combined bankers’ ratings for each statement over the past two years.

The most positive ratings pertained to the professionalism of the examination teams and responsiveness to banks’ needs, signaling that the OCC’s emphasis on professionalism and timely feedback has been well received. Responses were least favorable on eliminating unnecessary regulatory requirements and minimizing the burden of supervision. When bankers provided more expansive responses on this issue in the narrative questions, their responses indicated displeasure with legislative initiatives rather than the OCC’s application of existing regulations.

TABLE 1

Examination Questionnaire Results—

Bankers’ Ratings of OCC Examinations for January 1, 2005, through December 31, 2006

Ratings are on a scale of 1 (completely agree) to 5 (completely disagree).

Statements	Results		Two-Year Average
	2005	2006	
1. The examination scope was appropriate to accurately assess the bank’s condition.	1.43	1.42	1.42
2. The examiners’ requests for information before and during the examination were reasonable and justified by the examination scope.	1.37	1.40	1.38
3. The examination team conducted the examination in a professional manner.	1.27	1.23	1.25
4. The examination placed appropriate reliance on the internal audit function and internal risk management functions in the institution to support effective supervision.	1.44	1.42	1.43
5. The examiner-in-charge and the examination team were knowledgeable.	1.33	1.26	1.29
6. The examiner-in-charge and examination team provided useful feedback, observations, and suggestions.	1.39	1.33	1.36
7. The examiner-in-charge and examination team presented well-supported, relevant conclusions regarding the condition of the bank.	1.49	1.42	1.46
8. The recommendations for corrective actions made by the examiner-in-charge and the examination team were reasonable.	1.55	1.51	1.53
9. During the exit and board meetings, the examiner-in-charge and examination team clearly and effectively communicated their findings and concerns.	1.34	1.32	1.33
10. The tone and content of the report of examination were consistent with the exit and board meetings.	1.33	1.32	1.33
11. The report of examination clearly communicated examination findings, significant issues, and the corrective actions (including time frames) management and/or the board needed to take.	1.32	1.28	1.30
12. On-going communication by the examiner-in-charge with senior management and the board of directors was appropriate.	1.30	1.26	1.28
13. Examiners minimized the burden to the degree possible on the bank, its officers, and employees when conducting the examination.	1.46	1.45	1.46
14. The supervisory objectives and strategy incorporated appropriate perspective and provided necessary focus on business risks and the assessment of their significance, and resulted in appropriate development of the examination strategy, emphasis on key risk areas, and resulting areas of focus in the examination.	1.52	1.52	1.52
15. The examination report was delivered in a timely manner, so examination results and corrective actions required by bank management were influenced in a timely and appropriate manner.	1.47	1.44	1.45
16. During the past year or 18 months (i.e., the examination cycle), OCC _____ has/have been responsive to the bank’s needs.	1.27	1.25	1.26
a) field staff;			
b) corporate staff (e.g., for corporate applications);	1.35	1.40	1.38
c) attorneys (e.g., for legal opinions);	1.53	1.56	1.55
d) accountants (e.g., for accounting opinions);	1.44	1.46	1.45
e) other _____.	1.00	1.00	1.00
17. The OCC identifies potential problems before they can cause significant harm to the bank.	1.79	1.76	1.78
18. The OCC’s supervisory efforts focus on banking activities that pose the highest risk.	1.69	1.68	1.68
19. OCC regulations:	1.82	1.81	1.81
a) effectively target the areas of bank activity that present the greatest risk to safety and soundness, the payments system, or the long-term viability of the national banking system.			
b) promote national banks’ competitiveness and allow industry innovation;	2.16	2.10	2.13
c) eliminate unnecessary regulatory requirements and minimize the burden resulting from requirements necessary for effective supervision.	2.51	2.52	2.52
20. The OCC works with the bank and follows up to ensure bank management addresses potential problems and risks.	1.42	1.40	1.41
21. The OCC allows the bank to offer new products and services if the bank has the expertise to manage the risks effectively and to provide the necessary consumer protections.	1.54	1.56	1.55
22. The OCC enforces CRA and fair lending laws by focusing on the bank’s performance.	1.60	1.56	1.58
Average	1.53	1.51	1.52
Number of Questionnaires	623	612	1,235

As Figure 7 shows, more than half of the responses indicated that the most useful aspects of OCC supervision are the demeanor and skills of the examiners, and the feedback or answers to questions that bankers received from examiners. Bankers especially appreciated the collaborative—rather than confrontational—approach by examiners.

FIGURE 7
Most Useful Aspects of OCC Supervision,
2006 Examination Questionnaire Responses

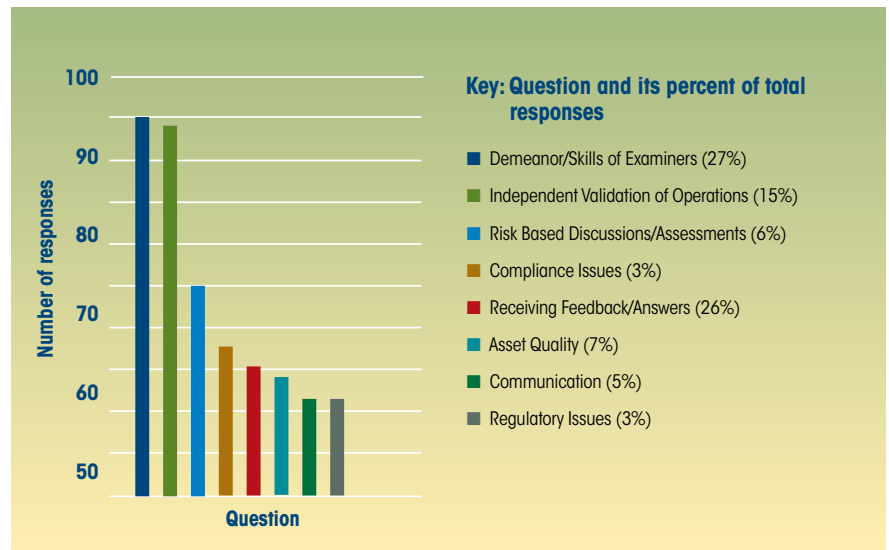
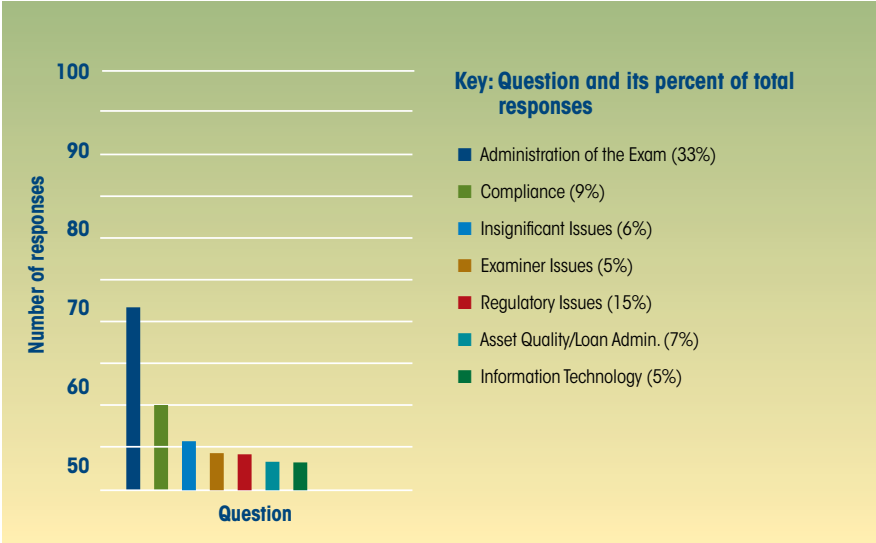


Figure 8 shows about a third of respondents—the largest group—identified the administration of the OCC’s examination as the least useful aspect of agency supervision. Comments typically related to the perceived burden of the examination process. For example, one banker cited the short turnaround time to respond to requests for information. Another banker cited the amount of time required by employees to prepare for the examination. A third cited the OCC’s use of training teams, in which entry-level examiners learn on the job from more seasoned employees, as an additional burden associated with the examination process. The Ombudsman’s Office shares these comments with the supervisory units so that examination teams are sensitive to bankers’ points of view.

FIGURE 8
Least Useful Aspects of OCC Supervision,
2006 Examination Questionnaire Responses



When asked to identify areas where OCC examiners need more knowledge, almost half of the respondents—by far the largest number—indicated that they were generally satisfied with examiners’ knowledge, as illustrated in Figure 9. Asset quality and information technology were most often cited as areas for improvement. Our office has shared these findings with bank supervision units so that appropriate levels of expertise are available for examinations.

FIGURE 9
Areas Examiners Need More Knowledge,
2006 Examination Questionnaire Responses

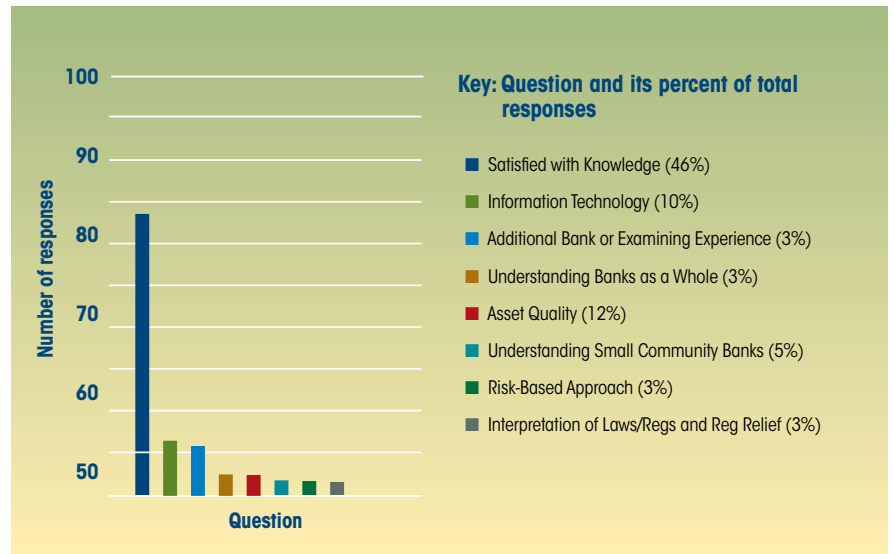


Figure 10 displays the results of the final narrative question about the areas where OCC supervision needs enhancement. The highest number of comments indicated that bankers were satisfied with the OCC’s current approach. Some bankers reiterated their dissatisfaction with the administration of examinations. (See Appendix F for a sample OCC Examination Questionnaire.)

FIGURE 10
Areas in Need of Enhancement,
2006 Examination Questionnaire Responses

