FIAC

Financial Institutions Accounting Committee

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March 24, 2003

Information Collection Comments
Chief Council Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attention: 1550-0023

The Financial Institutions Accounting Committee (FIAC) is pleased to have the opportunity to provide you with our comments and observations related to the proposed changes to the Thrift Financial Report (TFR) scheduled to become effective with the March 21, 2004 Quarterly Report.

FIAC is a group of 14 financial professionals working in executive level positions in the thrift and banking industries and is a standing committee of the Financial Managers Society. FIAC's primary responsibility is to evaluate those accounting and regulatory matters that affect financial institutions. The Financial Managers Society is a professional association of approximately 1,500 CFOs, controllers, CEOs, and auditors from both the thrift and commercial banking industries. Although its mission is primarily educational, through FIAC, the Society monitors and responds to significant regulatory or accounting changes that will impact its membership.

In general, both FIAC members and the broader FMS membership is supportive of the overwhelming majority of the proposed changes to the reporting format. Indeed, we appreciate the OTS' efforts to eliminate useless information, combine information, and add new information which we view as ultimately useful to the agency.

However, there is one major aspect of the proposal with which we disagree vehemently, and request further deliberation on the part of the OTS. Specifically, the proposal to accelerate the TFR reporting deadline from 30 to 20 calendar days after the quarter will cause a significant burden on the overwhelming majority of Financial Managers Society member institutions—62% of whom are less than $500 million in assets.

While you are correct that data processing improvements over the years have helped financial statement preparers accumulate and summarize data more quickly, you must also recognize that the amount of data requested by yourselves and other agencies has expanded significantly. Quite often, the additional information demands offset the data processing advancements.

Your contention that earlier filing dates should not "create a significant burden on the industry" is simply inaccurate. The statement fails to take into account the resource limitations of smaller institutions, where the financial reporting burden often falls on individuals who have numerous other financial and management related duties. Publicly traded institutions already have SEC report filing requirements overlapping TFR and CRM filing deadlines. In addition, various shareholder communiqués, such as annual reports, proxy statements and press releases are required. More often than not, the same staff that completes the TFR and CRM also complete the SEC and shareholder communiqués.

At a time when the SEC is initiating a shortened submission schedule that will now coincide with the existing OTS quarterly reporting schedule, it does not seem prudent to require management of well run financial institutions to reduce their review of their financial data in order to meet what we view as an arbitrary accelerated schedule.

In essence, the proposal effectively shrinks the number of business days to prepare the report from an average of 22 days to an average of 14 days, a 36 percent reduction in preparation time. Unfortunately, under such a scenario, the most significant ingredient in the proper preparation of financial data that will suffer is the amount of management time devoted to a review of the information. At a time when Congress and others are mandating more review and personal responsibility for financial data by top management, it does not seem wise for the OTS to accelerate the process.

Again, while we appreciate the initiative the OTS has taken to modify the information being collected in the TFR, we question whether the benefit, if any, from the collection and dissemination of data on the proposed shortened time table warrants the additional cost and potential reduction in reliability that would be created as a result of a much shortened opportunity for internal review. We cannot support any shortening of the TFR deadline.

Sincerely,

Joseph Perillo
Chairman

cc: Zane Blackburn, Office of the Comptroller of the Currency
Gerald Edwards, Federal Reserve System
Timothy Stier, Office of Thrift Supervision
Robert Storch, Federal Deposit Insurance Corporation

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