



CONSUMER



VIII.

Consumers: Promoting Fairness and Transparency

A generation ago, commercial banks were not the leading suppliers of financial services to retail customers. But times have changed. Today's national banks are leaders in the delivery of the innovative products and services consumers rely on to achieve their financial goals and to function effectively in our increasingly complex global economy.

Retail banking itself has assumed an increasingly global dimension, reflecting not only the diversity of our nation's population, but also the growing presence of Americans living, traveling, working, and using financial services abroad.

As retail banking has grown in importance, so has consumer protection become a more prominent part of the OCC's mission. The OCC pursues this mission in three distinct but interrelated ways. First, we promote consumer protection through our supervisory program. In that connection, we develop consumer protection standards, conduct rigorous examinations of national banks to ensure that they are complying with all applicable consumer protection laws and regulations, and take enforcement actions when we are unable to achieve compliance by other means.

Second, the agency seeks to promote transparency in the financial system by getting more and better information into the hands of consumers, whether from national banks or the OCC itself.

Finally, the OCC assists consumers by maintaining a state-of-the-art process for addressing their bank-related complaints.

In each of these ways, we work to maintain high standards of customer service in the national banking system; help consumers better understand their

rights and responsibilities as bank customers; and coordinate our efforts with other financial regulatory agencies to promote seamlessness and efficiency in addressing consumer needs.

The increasing importance of retail banking to the national banking system, its customers, and the economy whose health they support combined to make FY 2007 a year of important initiatives by the OCC in each of these areas.

Consumer Protection through Bank Supervision

Nontraditional and Subprime Mortgage Guidance

Changes in housing finance represent a good illustration of the changes that have taken place in the retail financial services landscape. A variety of complex mortgage products have become available, through a wide variety of providers. Indeed, a homebuyer's mortgage process may take place today entirely outside traditional channels: the borrower may use an independent mortgage broker to arrange his or her loan, which is then packaged through a Wall Street conduit and sold to a third party investor who may or may not reside in the United States.

While these changes have expanded access and choice for consumers seeking a mortgage, they have also resulted in less desirable outcomes. Some consumers have obtained mortgages on terms they may not have fully understood or that they cannot afford. There has also been a rise in mortgage fraud.

Some nontraditional mortgage (NTM) products, designed to help borrowers cope with rising home prices, involved relaxed underwriting standards that increased risk for both borrowers and lenders. The OCC carefully monitored developments in this segment of the market, and in 2005 initiated a process that resulted in the release of interagency guidance on NTM products, which took effect on October 4, 2006.

The guidance addressed the need for financial institutions to provide timely, clear, and balanced consumer information about NTM products, including information about the possible adverse consequences of these loans, such as payment shock and negative amortization. It stipulates that this information should be provided to consumers when they are shopping for a loan—that is, when that information is most likely to be of greatest practical value. In addition, the guidance provides that information concerning choices in payment options should be provided to the consumer with every monthly statement on a payment option adjustable-rate mortgage (ARM).

The OCC also worked with the other federal banking agencies to provide guidance on certain types of subprime mortgage loans, including the so-called “2-28” and “3-27” hybrid ARM products. This guidance was issued on June 29, 2007. It describes prudent safety and soundness and consumer protection standards that institutions should follow to ensure borrowers can afford to repay the loans they obtain. These standards include a fully indexed, fully amortized qualification for borrowers and cautions on risk-layering features, including an expectation that stated income and reduced documentation should be accepted only if there are documented mitigating factors that clearly minimize the need for verification of a borrower’s repayment capacity.

Both the subprime guidance and the nontraditional mortgage guidance apply only to federally regulated financial institutions and their affiliates. Yet, because the majority of NTMs and subprime mort-

gages are originated by lenders and brokers regulated exclusively by the states, the Comptroller has stressed the need for state authorities to enact standards comparable to that in the federal guidance, and has applauded efforts by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators to encourage states’ adoption of these guidelines.

Mitigating the Impact of Mortgage-Market Turmoil

Although they originated a relatively small share of subprime mortgages, national banks and their customers have been affected by problems in the mortgage markets.


With the help of a partnership with NeighborWorks America and the Ad Council, we reached out to borrowers, releasing two public service announcements aimed at encouraging delinquent borrowers to contact lenders for help to avoid foreclosure.


One area in which the agency took an active role was in encouraging more timely and constructive contact between troubled borrowers and their lenders. Understandably, borrowers having trouble making their mortgage payments are often reluctant to talk about it. Yet we know that such reticence tends only to make the matter worse. For those who fall behind, or think they are likely to fall behind, it is important to reach out and make contact with their lenders and mortgage servicers as soon as possible, so that alternative arrangements can be discussed before it is too late.

To address this need for greater openness and communication, the OCC took two important steps. With the help of a partnership with NeighborWorks America and the Ad Council, we reached out to borrowers, releasing two public service announcements aimed at encouraging delinquent borrowers to contact lenders for help to avoid foreclosure. These audio and video ads, targeted at areas where delinquencies are on the increase, call viewers’ attention to a toll-free hotline staffed by housing counselors from agencies approved by the U.S. Department of Housing and Urban Development.

Another initiative involved outreach to mortgage servicers. In June the OCC published a report on best practices in the loan servicing sector, designed

to improve the quality and timeliness of the contact with delinquent mortgage borrowers. The OCC's report, *Foreclosure Prevention: Improving Contact with Borrowers*, highlighted the growing role of partnerships between lenders and nonprofit third parties to provide counseling services to at-risk homeowners and reported on the strategies being employed successfully around the country to establish contact, reduce financial hardship on borrowers, and reduce losses for lenders.

In conjunction with both federal and state financial regulatory agencies, the OCC in April issued a release reminding banks that they are not required under existing regulations and accounting standards to foreclose immediately when a borrower falls behind on payments. The release pointed to the potential benefits for lenders when they make alternative arrangements, such as modifying loan terms or moving borrowers from variable-rate to fixed rate loans. Such restructuring, the release pointed out, not only offers lenders the possibility of returning troubled loans to performing status, but may also

qualify banks for favorable consideration under the Community Reinvestment Act.

The kind of restructuring that can be beneficial in dealing with troubled borrowers is no longer as simple as it was when originators and servicers tended to hold those loans in portfolio to maturity, however. Today, it is far more common for both prime and subprime mortgages to be bundled into securities, which are typically resold to investors in the secondary market. To help address this increasing complexity, the banking agencies, in a statement issued in September 2007, encouraged servicers to use the authority that may exist under securitization governing documents to take appropriate steps when an increased risk of default by a borrower is identified, and to explore, when appropriate, a loss mitigation strategy that avoids foreclosures. Such strategies may include deferring payments, extending maturities, or converting adjustable-rate loans into fixed-rates. But whatever solution is adopted, the guidance emphasizes that it be an *affordable* solution.

Dugan Receives “Making-the-Difference” Award from Credit Counseling Foundation

Citing his commitment to financial literacy and education, the National Foundation for Credit Counseling gave its annual “Making-the-Difference” Award to Comptroller Dugan.

Comptroller Dugan used the occasion of the award presentation to express his concern about the growing number of Americans facing the threat of foreclosure, especially those holding subprime mortgages. Although national banks are relatively less involved in that segment of the mortgage market, the OCC has been a leader in developing strategies to bring at-risk borrowers together with lenders and housing counselors. The agency has been creative in gathering new ideas and developing regulatory incentives for lenders to restructure loans so that people falling behind on their payments can stay in their homes.

In his acceptance speech, Comptroller Dugan hailed the work of organizations such as the Center for Foreclosure Solutions, which was established with the help of contributions from national banks, as well as Fannie Mae, Freddie Mac, and others. He challenged lenders and loan servicers that are not federally regulated to “make similar contributions to assist borrowers to avoid foreclosure wherever feasible.”

“It is not enough to *achieve* home ownership,” Dugan concluded. “We—all of us operating in our respective roles—have to work hard to *sustain* home ownership.”

Protecting Consumer Privacy

Helping to protect bank customers against identity theft and unauthorized access to sensitive customer information is a high priority for the OCC and the banking community. The OCC was an active member of the President's Identity Theft Task Force, helping to craft a strategic plan to improve the federal government's efforts in preventing, detecting, and prosecuting identity theft.

Through the examination process, the OCC monitors national banks' compliance with applicable security and privacy laws, regulations, and supervisory guidelines. During the past year, an area of focus has been banks' compliance with the inter-agency guidance on "Authentication in an Internet Banking Environment." Evidence shows that national banks have taken positive steps to strengthen their authentication processes and improve the security posture of their Internet and electronic banking environments. Indeed, the introduction of more robust measures to authenticate customers has already led to an appreciable decline in the number of successful hacker attacks on national banks and on the fraudulent use of information obtained through phishing.

When national banks violate applicable rules and regulations safeguarding consumer privacy, the OCC takes action. For example, we collaborated with a county prosecutor to obtain prohibition orders against bank employees who were paid by a third party to gather confidential information on selected bank customers. The third party, in turn, sold the confidential customer information to law firms for collection purposes.

As a result of OCC guidance, supervision, and enforcement actions, customers have reason to feel more secure that their confidential financial information is being adequately safeguarded in the national banking system.

Fair Lending

The OCC has a strong commitment to ensuring that national banks comply with fair lending laws and that consumers who seek credit from national banks are evaluated based on legitimate, non-discriminatory factors. Because of the importance the OCC places on ensuring that national banks comply with

fair lending laws and regulations, our examination guidance directs examiners to assess fair-lending risk during each supervisory cycle. While regular risk assessments serve as the cornerstone for setting a fair-lending supervisory strategy for each national bank, this process is complemented by an annual fair-lending screening process that helps to identify banks that may have high potential for fair-lending risks.

A strong examination regimen is crucial to maintaining the integrity of our fair lending program, and we took several actions to ensure that our supervisory guidance and examination procedures remain effective and up to date. For example, new procedures addressed provisions in the Fair Credit Reporting Act that generally prohibit creditors from obtaining and using medical information in connection with any determination of a consumer's eligibility for credit. We also updated our procedures to reflect changes made to the regulation that address concerns about the uniformity and adequacy of information provided to consumers when they overdraw their deposit accounts. These procedures prohibit misleading advertisements, and impose new disclosure requirements about fees and other terms for overdraft services.

Consumer Protection through Public Information

A free flow of information has always been at the heart of a well-functioning financial system, and the OCC has long been committed—both through its own public communications programs and its initiatives to improve bank disclosures—to increasing the quality of the information available to bank customers. Only with clear and complete information can consumers be expected to understand their rights and responsibilities and to make the best financial decisions in their own interests. Well-founded decisions, in turn, promote healthy competition among financial providers—competition that promotes efficiency, high service standards, and reduced costs to bank customers. And, as Comptroller Dugan noted in testimony before a subcommittee of the House Financial Services Committee in June, by exposing unsavory and abusive business practices to the glare of public scrutiny and criticism, public information also helps to expose and root out those practices, making providers "think

long and hard about the costs of such practices before implementing them.”

OCC Initiatives To Improve Bank Disclosures

In order for them to achieve their fundamental purposes, bank disclosures must meet minimum standards of timeliness, completeness, and clarity. Yet disclosures have often fallen short in one or more of these areas. They typically arrive in multiple pages of small print, in language that the average consumer is likely to find difficult to comprehend. In some cases, disclosures do not adequately describe all relevant practices and do not present the information that consumers need for making informed choices in a straightforward and useful manner.

Credit card disclosures highlighted these deficiencies. Considerable controversy has come to surround credit card marketing and account management practices. This is partly the result of Americans’ growing reliance on this unique form of unsecured credit, and partly because of the ways issuers have gone about managing the risk that increased exposure entails. Full and clear disclosure is crucial if cardholders understand the terms of their credit contract and the terms being offered by competing credit card banks to make well-informed credit choices.

Credit card disclosures have often fallen short of these demands. Although credit card terms, marketing, and account management practices have changed dramatically, disclosure requirements, as mandated by Federal Reserve Regulation Z, have not. As a result, innovative credit card practices—in particular, such practices as “universal default” and “double cycle billing”—have been especially difficult for consumers to understand, since they are not addressed in the current disclosure regime. Clearly, those rules need updating.

The Federal Reserve’s Truth in Lending initiative is focusing on the form as well as the content of bank disclosures. Pioneering work in that area came to partial fruition in FY 2007 when the agencies issued a rule on consumer privacy disclosures.

That release marked a major step in an important process to determine through controlled research, using consumer focus groups, how to construct a model prototype privacy notice that would effectively present the information required by the Gramm-Leach-Bliley Act on how financial service providers protect, use, and share personal information. This research yielded data on the language and

design of a prototype disclosure form that people found easy to read, understand, and use. With the help of the feedback from consumers, industry groups, and others that we solicited in FY 2007, the participating agencies—which include the Federal Reserve, the Commodity Futures Trading Commission, the FDIC, the Federal Trade Commission, NCUA, the Securities and Exchange Commission, and the OTS, as well as the OCC—are a step closer to implementing this standardized disclosure notice.

Yet even credit card disclosures that meet the highest standards of clarity and timeliness may offer small consolation to consumers if the card’s policies do not provide a real choice in the face of a disclosed rate hike on a balance that is too large to pay off or if the customer lacks options for rolling over the balance to another credit card lender.

That’s why Comptroller Dugan, in a September 27, 2007 speech, urged the Federal Reserve to include among the contemplated changes to its Truth in Lending rules a provision that would allow consumers 45 days to “opt out” of an increase in the interest rate on a credit card, unless the increase resulted from the consumer’s own failure to make required payment on that card. Under the proposed provision, consumers would be free to keep the outstanding balance at the old rate, with a requirement to pay off the balance or roll it over to another card within a reasonable period. This approach would help address one of the practices consumers find most objectionable: so-called “retroactive” pricing. “My take on all this is that there is plainly a state of disequilibrium when it comes to consumer protection for credit cards,” Comptroller Dugan said. “The system needs fixing.” The OCC’s new proposal is an important step in that direction.

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OCC Public Information Initiatives

People who believe they are at risk of losing their homes are particularly vulnerable to predatory lenders who exploit that fear. A rise in financial fraud directed toward at-risk borrowers led the OCC to take steps to raise public awareness of the schemes that seem to proliferate in difficult times. For example, we issued one in a series of Consumer Alerts in response to consumers who received solicitations about so-called “Community Reinvestment Act” loans, purportedly entitling certain homeowners to cash grants or equity disbursements. A September 2007 alert catalogued a whole range of programs designed to entrap borrowers into pay-

ing money up-front, ostensibly to eliminate debt. Borrowers have been told they can wipe out their debts by claiming a non-existent arbitration award, by asserting that a contract or note is illegal and therefore not binding, or by drawing on a spurious federal government “trust account.” What these and other schemes described in the alert have in common is that borrowers who fall for them inevitably wind up in a deeper hole than before.

When financial fraud surfaces, the OCC acts to root it out, both by supervising banks rigorously and by alerting consumers before they become its victims. One form of fraud in which there was a marked increase in 2007 involved cashier’s checks.

OCC Acts To Root Out Mortgage Fraud

At a time of turmoil in mortgage lending, it is particularly important that market participants play by the rules. One case that led to an OCC enforcement action involved two employees of a bank’s mortgage subsidiary allegedly involved in a scheme with a land developer to find buyers for the developer’s properties.

A loan officer and his wife, both mortgage processors, allegedly submitted false and misleading loan applications to the bank to obtain mortgages for 64 low-income first-time homebuyers to buy homes from the developer. Many of the borrowers received mortgages for which they would not have otherwise qualified. The loan officer also allegedly submitted a number of Federal Housing Administration housing counseling forms, falsely representing that the prospective buyers had received counseling designed to prepare them for home ownership, to qualify the loans for a reduced interest rates. In fact, none of the buyers received such counseling.

The mortgage processor allegedly prepared a U.S. Department of Housing and Urban Development Addendum to each loan application and certified that the information supporting the addendum was accurate and obtained from the buyer when she and the loan officer knew that much of the information was false and had been obtained from the land developer. The loan officer received approximately \$20,000 in increased commissions and bonuses from the bank and kickbacks of \$500 for each loan approved. When borrowers defaulted, the bank incurred loan losses of approximately \$1 million. The OCC issued a prohibition order against the loan officer, required him to pay \$460,375 in restitution to the bank, and assessed a \$100,000 civil money penalty. The mortgage processor consented to a prohibition order and a \$20,000 CMP.

Individuals receive notification that they have won a foreign lottery or have been designated the beneficiary of someone's estate, and that the proceeds will be passed along as soon as fees or taxes are paid. A cashier's check is provided to cover those charges, and the individual is asked to deposit the check and then wire the required amount, invariably to a foreign country, once the check clears. Or, in another common scam, an individual sells something on the Internet and receives a cashier's check that is greater than the purchase price. The seller is instructed to deposit the check and wire the excess once it clears, keeping some of the amount to "compensate" for his or her trouble.

What scammers seek to exploit in these cases is the lag between the time that funds are made available after the check is deposited and the time that it takes to ascertain whether that check is legitimate or fraudulent. Under Federal Reserve Regulation CC, banks must make funds available the following day when they are drawn on a cashier's check. By contrast, wire transfers are instantaneous and irreversible, and depositors who have wired good funds to fraudsters only to be informed later that the cashier's check that they deposited was fraudulent are usually out the money.

The OCC attacked this emerging problem on two fronts. A supervisory bulletin to bankers alerted them to the risks associated with fraudulent cashier's checks and offered recommendations for managing these risks and protecting their customers. The agency also issued a Consumer Advisory that received widespread notice in media stories on the problem.

Sounding the alarm about financial fraud was only one way that the OCC delivered on its commitment to transparency and a more literate financial consumer in 2007. Our main effort went into placing into consumers' hands—either through OCC distribution or through improved disclosures by the banks we supervise—better and more complete information about bank policies, products, and services.

At the start of the 2006 holiday season, for example, the OCC issued a release reminding consumers to consider the terms and conditions that apply to gift cards—an increasingly popular option for gift-givers. But some cards come hedged with condi-

tions, including inactivity fees and expiration dates that can erode the cards' value. To avoid unpleasant surprises, our release suggested that consumers consult either the disclosure statements that accompany cards or the offerer itself to determine what conditions, if any, might apply to the gift card. To ensure consumers get this important information, the OCC prepared and distributed audio and print announcements that ran 965 times in 38 states, reaching a potential audience of 87 million people.

Gift cards and even credit cards are simple products compared to today's mortgage loans. Some homeowners who took out interest-only or payment-option loans two or three years ago, thinking only about the initially low monthly payment, may have received an expensive and depressing education in the realities of the mortgage marketplace. For example, some borrowers have learned the hard way the meaning of such terms as "negative amortization." The challenge is to ensure that before borrowers enter into such commitments, they *do* understand this terminology and have carefully considered whether these products are right for them.

To aid them in making these decisions, the federal banking agencies published a new brochure on the subject. *Interest-Only Mortgage Payments and Payment-Option ARMs—Are They for You?* contains a glossary of lending terms, a mortgage shopping worksheet, and a list of additional information sources. It stresses the importance of understanding the risks and benefits of these nontraditional mortgage products, and urges borrowers to be realistic in assessing their ability to face the "payment shock" that can result when these loans readjust. By providing this information—and the agencies made it widely available to consumer groups, financial institutions, agencies, and other organizations—the OCC hopes to enable mortgage shoppers to make sound financial decisions that will keep them safely in their homes.

Thorny questions can arise even over conventional fixed rate, 30-year mortgages, and, with the multitude of products, providers, and regulatory authorities that characterize our modern banking system, it can be difficult for consumers to know where to turn with their questions. It was to answer that need—to provide a one-stop, central clearinghouse where consumers can search comprehensively for

reliable information—that the OCC launched HelpWithMyBank.gov. This Web site, which was widely hailed by consumer groups for its user-friendly interface, offers an extensive list of questions and answers, drawn from the actual experience of the OCC’s customer complaint specialists—people who speak to thousands of national bank customers each year. The agency assembled the most common questions, organized them by topic—“bank ac-

counts,” “loans and credit cards,” “insurance,” and “other topics”—and provided short, easy-to-understand answers, along with links and references for further information. The agency also provided a list of national banks and their operating subsidiaries, a list of OCC consumer advisories, and an option that allows the user to generate a formal complaint to the OCC.

Consumers Help Themselves with a Click

There’s never been a single spot for consumers to turn to when they had a general question about how banks process checks and overdrafts, what to do in the event they lose a credit card, how to deal with a problem of identity theft, or what to do when confronted with a host of other banking issues. But with the launch of the OCC’s HelpWithMyBank.gov, that has changed.

“We created HelpWithMyBank.gov with national bank customers in mind,” Comptroller Dugan said. “Our goal was to build a site that makes it easier for people to get answers and submit concerns about their bank because we are committed to ensuring fair access to financial services and equal treatment for national bank customers.”

While targeted to national bank customers, the site answers many questions common to consumers of all financial services companies and provides useful information about contacting regulators of institutions other than national banks.

“HelpWithMyBank.gov presents information in straightforward, easy-to-use terms. It lets consumers answer questions online that previously required a phone call to the OCC Customer Assistance Group,” said OCC’s Ombudsman Samuel P. Golden.

The launch concluded six months of work and more than a year of planning. The site is one of the agency’s steps in creating more accessible services for consumers. “The OCC will continue to enhance HelpWithMyBank.gov with information and features,” said Comptroller Dugan. Future enhancements include an online complaint submission process, enhanced “Frequently Asked Questions” functions, and a referral process to share complaints with other regulators to ensure that consumers’ concerns reach the right agency.

Consumer Protection through Complaint Resolution

The third pillar of the OCC's approach to consumer protection rests on a state-of-the-art consumer complaint resolution process. FY 2007 was a year of refinement in that process, as the OCC addressed a frequent source of frustration for consumers who were unsure just where their bank-related complaint needed to be lodged.

The OCC's Customer Assistance Group, or CAG, is centralized in Houston, Texas, under the direction of the agency's Ombudsman. The OCC has invested heavily in sophisticated technology and in the people who staff the CAG. CAG managers have an average of 25 years of regulatory or industry experience, and CAG staff has an average of 10 years of experience. This means that callers with complex questions can reach competent, experienced professionals. And they can reach them during a newly expanded, 12-hour business day.

We further increased our complaint-handling efficiency by bringing additional banking organizations on to CAGNet, our Web-based government-to-business consumer complaint delivery application. Currently, almost 90 percent of our complaint volume travels over CAGNet.

Case loads in FY 2007 reflected a slight decline compared to the previous year. As shown in table 8, we handled about 67,000 cases, of which nearly 29,000 were complaints (as compared to inquiries). The result was more than \$8 million in relief for national bank customers. This adds to the total of more than \$30 million of such relief over the last five years.

CAG's contribution to consumer protection doesn't end with the resolution of consumer complaints. The OCC is unique in the way we use the information obtained and analyzed by CAG in support of our bank supervisory activities. Through an internal, Web-based system called CAGWizard, analysts extract complaint data, sort and analyze the

Comptroller Showcases OCC Consumer Complaint Process

Thousands of Americans have had their complaints against national banks resolved through the OCC's Customer Assistance Group (CAG) in Houston, Texas. But not many of them know how it happens or how the process actually works.

To provide an audience of Washington insiders with a look at the lifecycle of a consumer complaint, Comptroller Dugan walked them through it, in a January speech before a joint meeting of the Exchequer Club and Women in Housing and Finance. Comptroller Dugan began by talking about the OCC's commitment to the people and technology that are so essential to CAG's effectiveness.

He then walked the audience through a hypothetical case. Using the OCC's "Remedy" software, Dugan demonstrated how the complaint was ushered by the OCC to the bank for a resolution.

The Comptroller emphasized that the value of the CAG process goes beyond helping consumers. The OCC uses that data in various ways to inform the supervisory process. The data is analyzed and made accessible to OCC examiners, schedulers, policymakers, attorneys, and others. And CAG staff uses it to provide feedback to banks on practices that need improvement.

information, and generate custom reports that bank examiners use regularly in their examination of individual banks. To inform the OCC's supervisory strategies and policies, we use complaint trends for individual products, such as home mortgages and credit cards. This data enables us to better time and focus examinations, target areas of potential concern, develop annual risk assessments of banks, and formulate supervisory guidance. And when we see individual complaints or patterns of complaints that could indicate inappropriate or unfair and deceptive practices, OCC lawyers are called in.

Complaint Sharing

Many of the complaints received by CAG concern institutions not regulated by the OCC. Our sister agencies at the federal and state level have also had to deal with a significant number of misdirected complaints. In general, their response has been the same as ours: to come up with ad hoc procedures for getting these complaints into the hands of the appropriate regulatory agency. Last year alone, the OCC referred more than 10,000 complaints to other regulators and received nearly 12,000 referrals concerning national banks from other agencies. But

that process takes time, it is sometimes constrained by privacy restrictions, and it has afforded few systematic opportunities to follow up on the disposition of complaints that have been referred.

That's why the OCC took the initiative to develop procedures for the exchange of consumer complaint information with state banking departments. In November 2006, this initiative bore fruit. The OCC reached an agreement with the Conference of State Bank Supervisors (CSBS) on a model Memorandum of Understanding (MOU) designed to ensure that misdirected complaints are sent to the appropriate agency and that agencies can track the status of a referred complaint and resolve it in a more efficient manner. Two weeks later, New York became the first state to sign the MOU, thus endorsing the principle that the burden should not be on consumers to know which agency regulates their financial institution. Since then, 27 other states, plus Puerto Rico, have signed the MOU.

This is one example of interagency cooperation in which consumers—and their confidence in a fair and open bank system—are the true winners.

Table 8: Consumer complaint caseload, FY 2007

FY 2007 Cases	
Complaints	28,870
Inquiries	38,199
Total Cases	67,069

Complaints Generating Compensation or Reimbursement	
No. of Complaints	7,589
Amount Returned	\$8,071,848

EVENTS

November 2006	OCC—Conference of State Bank Supervisors Memorandum of Understanding on Consumer Complaint-Sharing
January 2007	OCC Alert on Cashier's Check Fraud
March 2007	Interagency Rule on Consumer Privacy Notices
April 2007	Comptroller Dugan Receives Financial Literacy and Education Award
June 2007	Banking Agencies Issue Statement on Subprime Mortgage Lending
July 2007	HelpWithMyBank.gov Goes Live
September 2007	Banking Agencies Tell Lenders to Work with At-Risk Borrowers