



# NEWS RELEASE

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Comptroller of the Currency  
Administrator of National Banks

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## **Comptroller Hawke Calls for Study of Compliance Regulation And Development of Simpler and Less Burdensome Disclosures**

ORLANDO -- Comptroller of the Currency John D. Hawke, Jr. said today that consumers are ill-served by the current system of compliance regulation and called for “an independent, professional, well-funded research effort” to see if a new approach could be found that would be more effective for consumers and less burdensome for banks.

“Unreadable, unfathomable, and costly disclosures may be no better -- and they’re possibly worse -- than no disclosures at all. Unfortunately many of the disclosures that fill our mailboxes and settlement packages fall into the ‘unreadable and unfathomable’ category,” Mr. Hawke said.

“I believe we can do better in serving the interests of consumers, and do it more simply and at less of a cost burden,” he added in a speech to the annual convention of the Independent Community Bankers of America.

Mr. Hawke suggested that the U.S. Food and Drug Administration (FDA) had provided a model for consumer disclosure with nutritional information labeling requirements. The FDA’s four-year study involved all interested parties -- industry, public health experts, consumer groups, and regulators -- and resulted in a system of uniform labeling that is readable and reliable.

“Finally consumers had -- in simple, readable form -- the right kind of reliable, relevant, and consistent information about what they were buying and consuming,” Mr. Hawke said. “And they had it at a critical time -- before they made a purchase.”

The Comptroller said all U.S. regulators could learn from the FDA experience.

“We have to start by talking to the people for whom the disclosures are designed to learn more about their needs and how those needs are best met,” Mr. Hawke said. “We have to do more research, more testing, more consulting with end users, and more validating to ensure that our disclosures produce positive results and not simply more waste and frustration.”

Mr. Hawke said privacy disclosures, for example, could be improved with a layered approach

under which consumers would receive a short-form with a few basic facts presented in large, boldface type.

“This disclosure would provide the basic information—such as the fact that the institution shares the consumer’s information with third parties for marketing purposes, and that the consumer has the right to block such sharing arrangements,” Mr. Hawke stated. “But it would also advise consumers about where to turn—with a phone number or a website address, for example—to obtain a more detailed disclosure with all of the information required by the Gramm-Leach-Bliley Act.”

In his speech, the Comptroller told community bankers that while “bank regulation is an unavoidable necessity,” consumer disclosures should be viewed “not as a burden, but as a competitive opportunity.”

Mr. Hawke acknowledged that bankers may find that the laws and regulations that govern their industry are burdensome and costly, and said the sharpest increase in regulatory burden has occurred in the in the area of consumer-oriented legislation, with more than two dozen such laws passed since 1968.

“In 1991, according to one study, those costs may have exceeded 12 percent of bank noninterest expenses,” Mr. Hawke said. “Compliance regulation is particularly onerous for community banks, which don’t enjoy the economies of scale that are available to larger banks.”

The Comptroller said these laws -- and the burdens they’ve created -- were not enacted in a vacuum, but were passed in response to abuses in the financial marketplace that the banking industry had proved unable or unwilling to correct on its own.

“It is a simple fact of political life that legislators will respond to the conduct of the worst actors, and will generally do so with laws that affect the business of all, including the best,” Mr. Hawke said.

The Comptroller said that community banks make up an enormously important part of the national banking system and voiced his personal support for community banks.

“Of the 2,100 banks we supervise, close to 2,000, or 92 percent, are under \$1 billion in assets,” Mr. Hawke said. “I personally believe that the nation’s community banks are an essential foundation of our financial system, and I want to see community banks flourish and prosper.”

Related Links: [Text of Speech](#)

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The OCC charters, regulates and examines approximately 2,100 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.

