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83 Percent of Bankers Surveyed Say New OCC Bank
Examinations Reduce Regulatory Burdens

WASHINGTON, D.C. -- One year after the Office of the Comptroller of the Currency streamlined its examination procedures for noncomplex community national banks, bankers have given the new approach favorable reviews. In a survey of the 725 community banks examined, 83 percent said that the new examinations reduced their regulatory burden from prior examinations.

Comptroller of the Currency Eugene A. Ludwig hailed the early results. "While maintaining its regulatory responsibility to maintain a safe and sound national banking system," said Mr. Ludwig, "the OCC is improving efficiency, eliminating unnecessary burdens on banks and increasing attention to areas that pose the greatest risks to the stability and health of the banking industry."

Three-fourths or more of the 725 community banks that the OCC examined between October 1, 1994 and June 30, 1995 said that the time required to prepare requested materials in support of the examination was reduced (75 percent), that the examiners took up less of the bank's staff time with discussions (79 percent), and that examiners were more focused in their review (87 percent).

Before the OCC implemented its new review process, OCC examiners could collect up to 200 or more items from noncomplex community banks at the examiner's option. That was cut down to 35 standardized items. Previously, examiners reviewed noncomplex banks using examination guidelines that totaled 1,216 pages of technical language. In July 1994, community bankers and their OCC examiners were issued a 30-page clearly written guidebook to achieve the same goal -- a safe and sound bank.

In those cases where burden was not reduced, research by the OCC shows that much of the problem stems from specialty examinations and the agency is taking steps to reduce those burdens as well. "As a result of the first year's experience with the new procedures," Mr. Ludwig said, "we will make some additional revisions to improve the effectiveness of all examinations without sacrificing fundamental safety and soundness standards or compromising legal and regulatory requirements."

In a separate OCC survey of Minnesota and North Dakota national banks conducted by the agency's Minneapolis Field Office, 95 percent strongly agreed that the exam scope and goals were clearly communicated prior to the exam, that the examination team acted professionally and provided useful information, and that their findings were clearly and effectively communicated at the completion of the exam.

In this survey, 93 percent strongly agreed that examiners were responsive to bank needs over the past year without placing undue burden on banks, 88 percent strongly agreed that examiners

presented accurate conclusions, their recommendations for corrective action were reasonable, and the report of examination was consistent with verbal discussions. And 82 percent strongly agreed that exam information requests were reasonable. The survey results are based on responses by 56 banks out of a total of 62 that were sent the questionnaire.

Commented one banker in the Minneapolis survey: "With over 20 years experience of dealing with examiners, I must comment on how much I appreciate the more customer friendly' OCC."

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