NR 97-93
October 20, 1997

The OCC Continues Drive to Rationalize and Reduce Fees; Temporary Rules Expected to Save National Banks $19 Million Made Permanent

WASHINGTON, D.C. -- Comptroller of the Currency Eugene A. Ludwig announced today a series of actions that make the agency's assessment schedule more equitable and ensure that the fees paid by national banks more accurately reflect the actual costs of supervision.

The OCC is proposing a rule that would shift costs to those banks that require more supervisory resources through a 25 percent assessment surcharge for banks rated 3, 4 or 5 on the five-point CAMELS scale. OCC analyses show that lower-rated institutions cost more to supervise than those rated 1 or 2. In addition, a number of banks have recommended basing assessments on an institution's CAMELS rating.

"There should be as many incentives as possible in our system for banks to be healthy and well-managed," said Mr. Ludwig. "Healthy banks certainly should not subsidize institutions that require more supervisory attention."

If the proposed rule is adopted, the OCC intends for it to be revenue neutral in 1998 and will adjust the assessment schedule as needed to pass savings on to healthier banks.

The agency is also publishing a final rule making permanent two interim rules that saved national banks $16 million in 1997, and could save as much as $19 million next year. The first interim rule removed the specific fee calculation for fiduciary activities. The old rule had reflected an outmoded view that trust activities were separate and distinct from activities conducted by the rest of the bank. The suspension of separate charges for fiduciary exams saved national banks $3 million in 1997 and is expected to save approximately $6 million annually starting next year.

The second interim rule that the OCC is making permanent reduced the assessment of banks that are affiliated through a holding company with larger national banks. Because it takes fewer resources to supervise the smaller banks in a holding company headed by another national bank, this rule matches the OCC's fees to its actual costs. It also means that the agency's assessment schedule doesn't encourage one organizational structure over another.

In 1998, as in 1997, the OCC anticipates a 12 percent discount in assessments for non-lead banks. This discount saved national banks $13 million in 1997, and will provide comparable savings in the future.

The OCC will publish a notice of proposed rulemaking on the assessment surcharge in the Federal Register tomorrow and seek public comment for 30 days. The final rule pertaining to fiduciary activity assessments and assessments on non-lead banks is effective upon publication in tomorrow's Federal Register.

# # #

The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.