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OCC Reduces Assessments For 600 National Banks

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) today announced that OCC assessments will be reduced on approximately 600 national banks that are not the largest national bank in a multibank holding company. The OCC will reduce assessments by 12 percent on these affiliate banks, which will reduce their annual OCC assessments by approximately \$13 million. The reduced assessments take effect in 1997.

"We are starting to pass along some of our cost savings of supervising national banks in holding companies under risk-based supervision," said Comptroller of the Currency Eugene A. Ludwig. "It takes fewer OCC resources to supervise these banks. We don't want our assessments to encourage one organizational structure over another if our costs don't require it. Banks should be able to choose structures that meet their business and strategic needs."

The reduced assessments will benefit banks of all sizes. More than one-third of the banks whose assessments will be reduced are community banks, half are regional banks, and the remainder are multinationals.

The OCC spends fewer resources supervising affiliate banks in holding companies because the largest bank in a company has comprehensive systems that the OCC may reliably use to evaluate risk for the consolidated company. The evaluations of the largest bank capture the risk of the company in general and reduce the scope of risk evaluations needed for other banks in the company. The OCC still expends resources to review loan portfolios and compliance with laws and regulations in non-lead banks, as well as certain specialized or sophisticated activities, such as capital markets operations, that only involve certain banks in a multibank holding company.

The OCC will publish an interim rule in the Federal Register to implement the assessment reduction and to seek public comments for 30 days after publication. Today's action is part of a comprehensive review of the OCC's overall assessment approach.

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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.