

Statement of
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Office of the Comptroller of the Currency
before the
Subcommittee on Oversight and Investigations
of the
Committee on Financial Services
of the
U.S. House of Representatives
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Chairman Watt, Ranking Member Miller, and members of the Subcommittee, I am John Walsh, Chief of Staff and Public Affairs, at the Office of the Comptroller of the Currency. I am pleased to appear before you today to discuss the GAO's October 2006 report, *Minority Banks: Regulators Need to Better Assess Effectiveness of Support Efforts*, and the actions that the OCC has taken to address the recommendations of that report regarding the preservation and promotion of minority-owned financial institutions.

The OCC recognizes that minority-owned banks are important community and national assets. Minority banks have long performed a vital role in the American financial system by serving the market needs of their local communities, and the OCC is committed to encouraging their continued success.

While the OCC is not subject to Section 308 of FIRREA, it has voluntarily taken the initiative to support minority banks. The OCC issued a *Policy Statement on Minority-Owned National Banks* in 2001 to further the ability of minority banks to prosper and meet the needs of their communities. Let me review a few of the actions we have taken to implement this policy.

First, the OCC created a senior advisor position in 2004 to serve as the agency's focal point for minority banking issues. Second, the OCC formalized its longstanding

practice of making experts available in each of the OCC's districts to provide guidance on a range of supervisory issues of importance to minority-owned institutions. Third, we have issued guidance, distributed publications, and conducted information sessions regarding the provision of capital and other resources to minority-owned banks, including majority bank investments in minority institutions.

As you know, the 2006 GAO report recommended that we consider surveying minority institutions or undertaking other measures to determine how minority banks view our support efforts and related activities, and to assess the progress in meeting our goals. Building on our Minority-Owned National Bank Policy Statement, we have undertaken additional efforts to increase the effectiveness of our supervisory services and outreach to our minority banks, as recommended in the GAO report.

Our initial step, now completed, was to conduct an internal survey of the Assistant Deputy Comptrollers and Portfolio Managers who directly supervise minority national banks. The second phase of our review began in August 2007 when we distributed a survey directly to our minority-owned national banks.

The minority national bank survey focuses on how we can make our education, outreach, and technical assistance efforts more useful and effective to these banks. The survey also provides minority bankers the opportunity to comment on the OCC's supervisory policies and guidance and to state whether they believe our examiners have the training and guidance necessary to effectively supervise their bank.

I can report that the early returns from these surveys underscore the importance of specialized supervision for minority-owned banks. These results encourage us to place even greater emphasis on how to improve the effectiveness of our supervisory policies and guidance, and the on-going training needs of both our examiners and our minority institutions.

As I describe further in my written testimony, the OCC is also implementing several additional initiatives to further the ability of minority banks to prosper and meet the needs of their communities. These include improving communications with organizing groups interested in entering the national banking system; expanded participation in outreach meetings and conferences throughout the country to discuss supervisory and industry issues; and the expanded use of the Internet to support minority

institutions. The OCC created an external outreach and minority affairs page on the OCC's public Web site, and a special informational page for bankers on OCC's National BankNet site is under development. New BankNet features will include comparative bank performance metrics, discussions of legislative and regulatory issues, upcoming training opportunities, and other information of interest to minority bankers.

In conclusion, let me restate the OCC's commitment to work with minority-owned national banks and to provide effective technical assistance and supervisory services. As I mentioned, the OCC has voluntarily taken the initiative to support and reach out to minority banks under FIRREA's Section 308 provisions, and we would have no objection to that being made explicit by the Congress.

Thank you, Mr. Chairman. I would be pleased to answer your questions.