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Office of Thrift Supervision
Department of the Treasury

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Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

December 8, 2004

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS.

FROM:

James E. Gilleran

SUBJECT:

Annual Thrift Satisfaction Survey Results

We have recently completed our Annual Thrift Satisfaction Survey to solicit your feedback about OTS and our regulatory processes. We appreciate your willingness to dedicate time to make recommendations on ways to improve the supervisory process. Your responses were extremely thoughtful and constructive. In general, the responses were very positive in their tenor and confirmed our commitment in the past year to improve efficiencies in the examination process while enhancing communication with our institutions.

Many of the comments revolved around three general themes: communication, tailored exams, and regulatory burden. The most prevalent topic was the value of collaborative communication, both with on-site examiners and regional office staff. The second significant topic was the need to regulate each institution based on its size and unique business strategy. The third area of interest focused on minimizing the exam and regulatory demands so that institutions can continue to effectively serve their customers and communities.

With regard to communication with the industry, I am very pleased to see that you acknowledge the significant effort we have made to clearly communicate any regulatory changes as well as any institution specific concerns or exceptions. We will continue to work with industry management in order to develop strategies or implement necessary corrective actions that both meet regulatory requirements and allow for effective business operations. We will also continue our outreach programs such as industry town meetings, financial regulatory seminars, and participation at industry conferences. Several comments noted the need to improve consistency of responses regarding interpretation of regulatory requirements. While we strive to achieve consistency, we will continue to explore techniques for ensuring that the agency positions are accurate and timely when responding to your inquiries.

Survey comments commended OTS for implementing top down, risk-focused exam procedures to coincide with the size and complexity of thrift institutions. Examples of this process include developing an understanding of the thrift's business strategy and focusing the exam review on the risks most relevant for the business model. I am pleased to hear that these initiatives have proven successful. To supplement this process, we recently issued comprehensive examination

procedures and a revised Peer Examination Response Kit (PERK). These documents reflect our new approach, incorporating safety and soundness and compliance into one comprehensive examination process.

The other area of industry interest is the ability to meet examination and regulatory requirements while minimizing the impact on thrift institutions' business operations. We have implemented technological improvements that have made the regulatory process less intrusive. We are using electronic based documents whenever possible. For example, most institutions are able to complete and transmit the PERK electronically. We are also retaining much of the examination documentation in electronic form. The combination of these initiatives allows for more off-site analysis and greater efficiency when performing our supervisory responsibilities. Further, OTS is committed to exploring new ways to use technology to concurrently minimize regulatory burden and fulfill our regulatory objectives.

In our continued efforts to reduce regulatory burden, we recently released an interim final rule that updates and revises various application and reporting requirements. For instance, OTS is modifying thrift branch and agency office application and notice requirements and will be eliminating a number of rules that no longer serve a useful regulatory purpose. Simultaneously, OTS released a proposal to revise the definition of "community development" under the Community Reinvestment Act (CRA) regulations. The proposal also discusses another way to reduce regulatory burden by providing more flexibility to large thrift institutions so they may focus CRA efforts on the needs of the communities they serve. We welcome any comments you may have on these rules.

Thank you very much for your participation in the Annual Satisfaction Survey. Please continue throughout the year to provide any additional comments or suggestions. We always appreciate your feedback.