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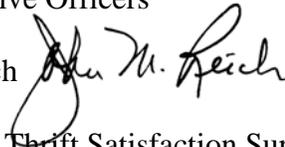
Office of Thrift Supervision
Department of the Treasury
John M. Reich
Director

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Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

September 13, 2006

MEMORANDUM FOR: Chief Executive Officers

FROM: John M. Reich 

SUBJECT: 2006 Annual Thrift Satisfaction Survey Results

OTS is working to strengthen and streamline the examination process, build industry relationships, and improve the agency's services. The thrift industry's response to the 2006 Annual Thrift Satisfaction Survey (survey) identified many valuable suggestions that will help OTS meet this goal. I appreciate your thoughtful and candid comments not only about OTS's successes, but also about where OTS can improve.

The survey questions were broad and open-ended to allow you to comment on any OTS- or charter-related topics and to document issues that are most important to you. As a result, the comments covered a wide range of topics. OTS reviews and seriously considers all comments to improve our examination process and services. This year we received over 200 responses from thrift institutions. The majority of your narrative comments were positive and complimentary of OTS examiners, the examination process, and other OTS functions. Although it is beneficial to hear positive comments about many of OTS's initiatives to improve examinations and communications, I would like to highlight areas where multiple respondents suggest improvement, along with the actions OTS is taking to address your concerns. OTS will work to continue to meet or exceed your expectations in these areas.

Regulatory Burden

Many of your comments expressed a concern with regulatory burden. As Director of OTS, I am strongly committed to reducing regulatory burden and will continue to work for changes in regulations to ensure the thrift charter remains flexible, which is necessary for institutions to adapt to the diverse products and organizational structures in the financial services marketplace. Reducing regulatory burden is also necessary to maintain the competitiveness and long-term viability of the thrift industry. OTS will continue to build awareness with Congress while instituting processes to simplify the examination process and other services. A key OTS goal is to accomplish the agency's supervisory objectives while minimizing regulatory burden on the industry.

Staffing

The majority of survey comments complimented our examination staff, which has, on average, over 20 years of examination experience. The experience level of OTS staff enables it to reach critical, yet fair conclusions and recommendations. Due to the tenure of the examination staff, some respondents questioned whether OTS would have appropriate resources in the future. I am confident to say, the OTS is prepared for the future. We routinely assess staffing levels and hire personnel to meet the agency's supervisory requirements. In anticipation of attrition in the examination workforce and the increasing complexities of the banking industry, we have already hired approximately 60 examiners in 2008 and will continue to hire in the coming years. To bolster our supervisory staff and complete our management team, OTS has also hired several senior and mid-level managers. In addition, we have re-established a centralized department for compliance, CRA, community affairs, and consumer protection in Washington as a way to improve coordination and to respond promptly to industry concerns.

Training and Professional Development

OTS also has improved its training programs and now provides increased opportunities for professional growth to our workforce. We have added new training courses for experienced examiners and cross-training opportunities for our regional and Washington staff members. These opportunities increase their personal and professional development as well as improve their knowledge base and skill sets.

Communication

Some of you suggested that communication should be enhanced. OTS continues to improve upon our internal and external communication to ensure regulatory changes and industry guidance are relayed to regional managers, to examiners, and to the industry in an expeditious manner. OTS will continue strengthen communication efforts, host industry outreach meetings, and conduct training seminars so that we can ensure your concerns are being heard and provide a forum to share information on key issues or topics.

BSA

Bank Secrecy Act was another issue raised in your survey comments. OTS recognizes the increased regulatory burden this areas poses and are working on a streamlined BSA/AML PERK that will focus on the risk profile of the individual institution. As an agency, we also recognize the importance of being consistent in our evaluation of BSA/AML. One process we implemented a few months ago is a weekly internal call that spans the agency by including Washington, DC managers, BSA specialists, regional managers, and examiners to address real-time BSA issues. The process has been effective in improving communication and promoting consistency from region to region.

Interest Rate Risk; Application Processing

There are many long-term projects that OTS is also working on that are in various stages of completion. For instance, OTS is making improvements to its interest rate risk model (model). The model relies on state-of-the-art modeling techniques to value virtually all instruments on a thrift's balance sheet. We are working with a finance expert to assist us with significant upgrades to the model. We are also conducting a zero-based review of the application process. We have met with applicants to gain their first hand experience with the process and obtain their valued suggestions. Our goal is to provide our institutions with better service and a more streamlined, straightforward process with reduced processing time frames.

In 2007, OTS plans to update the survey questions and adjust the timing of the mailing so that it coincides with the completion of a comprehensive examination. This will allow you to provide timely comments of the examination process and as an agency, we can be more responsive to your individual needs.

Thank you for your participation in the 2006 Annual Thrift Satisfaction Survey. Please provide any additional comments or suggestions throughout the year. We always appreciate your feedback.