



Office of Thrift Supervision  
Department of the Treasury

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6590

James E. Gilleran  
Director

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

November 6, 2003

**MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS**

**FROM:** James E. Gilleran

**SUBJECT:** Annual Thrift Satisfaction Survey Results

We recently conducted our first 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. The results of the survey and my personal discussions with thrift executives support my belief that input from licensees is important in defining the best regulatory approach.

In general, the responses were very positive and provide recognition of the many enhancements we have implemented in the last few years. Three broad themes emerged from the responses. First, we understand the importance of providing information to the industry on changes in regulatory focus and obtaining feedback on the impact of these changes. Second, we continue to stress the importance of communication and dialogue in order to develop a mutual understanding of examination conclusions and supervisory decisions. Third, we have introduced many examination enhancements to improve efficiency and to ensure a proper balance between assessing risks and allowing management the prerogative to pursue appropriate business opportunities. Your recognition of the OTS staff's dedication to these principles, gives us confidence that we are on the right track and should continue to emphasize these attributes. Provided below are additional observations on the key topics addressed in the survey responses.

The survey results underscore a long held conviction of mine that open communication is the cornerstone of effective business relations and is especially critical in a regulatory environment. Survey comments recognized our efforts to engage the industry in productive dialogue, particularly on examinations. Based on your favorable comments, we plan to continue our outreach programs such as industry town meetings, financial regulatory seminars, and participation at industry conferences.

We recognize from your comments the ongoing need for thrift managers and staff to stay abreast of any shifts in the focus or priorities of regulatory reviews. Your staff can always access all

official OTS guidance and publications on our web site<sup>1</sup>. An automated subscription feature<sup>2</sup> that provides subscribers with an email alert when new material is posted to our website is a new addition. We are building an extranet site that will allow authorized thrift and OTS users to electronically exchange confidential information in a secure environment. The secure electronic document transfer capability is another way for us to enhance our communication channels.

Effective two-way communication also plays a vital part of the examination process. I am buoyed by the many positive comments regarding our efforts to understand each institution's unique business strategy. As the industry evolves, we will need to provide training to staff on new developments, so that they can effectively and fairly evaluate the many different business models. We also recognize the need to leverage off industry leaders' knowledge of changing market conditions. I encourage you to continue to highlight unique strategies that may require changes in how we evaluate the performance and risks of the licensee. This information helps us to develop and provide the enhanced guidance and internal training that may be necessary to effectively assess these new developments.

We received uniformly positive remarks on our responsiveness to requests for guidance or clarification on regulatory matters. This is one of the strengths of our current structure, which provides a clear regulatory contact and access to key decision makers on important issues. As we strive to improve our processes, we will ensure that our organizational structure allows for prompt response to the needs of individual licensees.

The examination remains the focal point of regulatory process and we continually strive to both improve its effectiveness and minimize the impact on the licensees' operations. We are heartened by the positive feedback regarding our melding of the consumer compliance and safety and soundness examination. You should anticipate additional procedural modifications and efficiencies as we further integrate the examination components into a single seamless process. In addition, we are tailoring the scope of our examinations to the risk and complexity of the licensee's operations. In this regard, we have provided several types of streamlined exam procedures that allow greater flexibility to focus on only the essential risks for smaller, well-managed thrifts and holding company operations.

One area that holds promise for additional improvement in the examination process is greater use of electronic information. We have several initiatives underway to leverage the availability and transferability of electronic based information. Most of our examinations currently provide the Pre-Examination Response Kit (PERK) in electronic format and request responses in electronic form. We are working to accept other information collected during the exam in electronic form. We are also reviewing several tools and techniques for conducting the loan review process so that we fully utilize available electronic data and reduce the need for ad hoc data requests. As we expand the use of electronic information, we envision greater opportunities to conduct more exam work from remote locations, reducing the burden on your staff and facilities. We also plan to review the types of information we routinely request to ensure it is consistent with changes in

---

<sup>1</sup> Connect to OTS web site at <http://www.ots.treas.gov/>.

<sup>2</sup> OTS subscription service is available at <http://www.ots.treas.gov/subscription/>.

our examination procedures and relevant to current industry risks. Supervisory staff strive to tailor the PERK to account for unique aspects of the licensee's business. The combination of these initiatives should provide for an exam process that is less intrusive to the licensee.

You have recognized our efforts to fully coordinate our reviews with other regulators. There are a number of different charter configurations that require dual or multiple regulators. Each licensee is encouraged to discuss how regulatory coordination could be enhanced for your particular circumstance. We are continually working to recognize unique aspects of different charters and to develop procedures that assist us in conducting a fair evaluation.

The survey responses also provided many specific suggestions and recommendations addressing both the regulatory process, and the impact of particular regulations. We will review these ideas and keep you informed of any new developments. Thank you again for your input and I encourage you to provide continued feedback to OTS staff in your daily interactions.