
A BOOK THAT BRINGS BETTER EXAMS? AND IT'S FREE?

Community banker finds a key to banker-examiner communication

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Many bankers these days feel they and their federal examiners aren't on the same page. The solution may be easier to find than you'd think.

The other day a community banker and I were talking about industry conditions, and he said he'd found a solution that made his most recent exam go more smoothly. The basic problem, he added, was that the bank and the exam team literally weren't on the same page.

The banker—who asked not to be quoted by name—said in recent years he and his staff would look at regulations and feel they were doing what they should. Yet conversations with FDIC examiners would go nowhere, the regulators making reference to the manual and requests that just didn't jibe with the bankers' interpretation of the regulations they had been reading.

"And then we found their book," the banker told me. "The exam manual on the FDIC website."

Some of the disagreements or misunderstandings that the bank had been having with the team were coming up because the examination manual's approach, terminology, or other factors went further than the regulations, with more guidance and detail directing the examiners on specific elements of the examination and regulations. The bank was looking at the regs, but ultimately the team followed their manual, the banker said.

Reading this manual didn't bring in deposits, increase earnings, nor make loans perform any better, of course. But this banker says he can't recommend strongly enough the benefits of reading the manual.

"In our latest examination, we were able to improve our position just by reading exactly what they were looking for," the banker says. He says he's talked to other bankers and found that most had no idea the examination manual is as close as the agency's website—searchable and well organized.

"It's a powerful resource," he continues. "It's where we go now to find the answers. This manual is what they train from, and what they are tested on when they are commissioning."

The banker laughs and says his experience reminds him of the movie "Patton," starring George C. Scott. Before a pivotal battle in North Africa, Patton is shown having fallen asleep reading a book on tank battle tactics by the very general he will face in the morning—Erwin Rommel, the "Desert Fox" of the German wehrmacht.

The movie shows Patton's forces repulsing the German assault. Scott growls, while viewing the battle through binoculars, "Rommel, you son of a _____! I read your book!"

If you want to read "the book," here is a link to the online version of the FDIC manual that the banker referred to:

Here are links to the manuals of the other agencies:

Federal Reserve

Comptroller of the Currency

Office of Thrift Supervision

Blog Bio:

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Has your bank found other means of better communication with examiners? Found a way to improve exam results? Share them below