A COMPLIANCE OFFICER'S VIEW ON EXAM TRENDS

Reviewing findings from ABA's feedback project

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Recently, ABA and participating state bankers associations published summary reports of their regulatory feedback surveys, which asked bankers for their anonymous opinions of their experiences with examiners and the regulatory examination process. The surveys covered OCC, FRB, FDIC, and OTS examinations. A total of 1,100 institutions responded to the survey.

Granted, the survey reports did not focus on the consumer compliance examination specifically. The survey questions related to either the overall examination experience or to safety and soundness examination issues. But you can probably find correlation between some of the bankers' experiences from the survey with the examination process in general to the consumer compliance examination as well.

For example, I was surprised to see that the level of satisfaction or dissatisfaction in various aspects of the examination process was very consistent between the three agencies. (The OCC and OTS were combined, even though the survey included OTS exams that were completed before the agencies were consolidated).

When considering areas such as overall satisfaction with examinations and examination results; examiner expertise; and examiner flexibility and openness to exchange of views with bank staff, the number of bankers responding that they were satisfied or very satisfied was very close between the three agencies. No one agency was significantly higher or lower than the others.

I would have thought there would be more of a difference in the level of satisfaction of the examination process between the agencies. The agencies have more consistency in exam procedures and examiner training, which has improved the consistency in the examination experience for all institutions.

I was also surprised to see that only about 36%, on average, of the bankers reported that examiners applied "guidance" as if it were enforceable regulation. While 36% is still too high, I would have expected this number to be higher, given the large volume of guidance that has been issued.

Even more interestingly, almost half of the bankers were neutral when asked about this. "How can you be neutral on this question?" I thought. And then I realized that those in this group of respondents who were neutral may not have realized that the guidance that is being enforced is only guidance and not enforceable regulation. Perhaps that difference isn't always made clear.

We tend to hear and pass along the "horror story" anecdotes that sensationalize the worst aspects of the examination experience. There are plenty of examples out there. So, when I see a survey like this with some concrete statistics about what's happening to bankers, I'm interested.

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Editor's Note: In a recent announcement concerning the Regulatory Feedback Initiative, ABA stated:

"ABA encourages any bank that has never filed an RFI survey on its exam experience to do so. The association also is asking banks that have been examined since the last time they filled out an RFI survey to complete another survey on their latest exam experience (one survey per exam). Banks can access the online survey questionnaire either by contacting their state bankers association or ABA's Rick Freer."

To access the survey reports that Nancy refers to, click on the appropriate link:

- • Federal Reserve

- • Comptroller's Office

- • FDIC

About Nancy Derr-Castiglione

“Lucy and Nancy’s Common Sense Compliance” is blogged by both Lucy Griffin and Nancy Derr-Castiglione, both ABA Banking Journal contributing editors on compliance.

Nancy, a Certified Regulatory Compliance Manager, is owner of D-C Compliance Services, an independent regulatory compliance consulting services business that has provided expertise in compliance training, monitoring, risk assessment, and policies and procedures to financial institutions since 2002.

Previously, Nancy held compliance positions with Bank One Corporation and with United Banks of Colorado.

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