STRONG, STABLE ENVIRONMENT VITAL IN BANKING AGENCY RESTRUCTURING

WASHINGTON, D.C., April 30, 1996 -- Any restructuring of the federal banking regulatory system must preserve "a strong and stable regulatory environment for insured depository institutions," Acting Director Jonathan Fiechter of the Office of Thrift Supervision (OTS) testified today.

A regulatory environment that is effective, efficient and responsive to the needs and risks posed by the supervised institutions is the "single most important issue that must be addressed," he told a House Banking Committee hearing.

"If it is determined that the OTS should be merged into one of the other federal banking agencies, it is imperative that this process be carried out in a way that maintains a strong supervisory function over the institutions supervised by OTS," Fiechter declared.

To ensure that federal oversight of existing insured depository institutions is not compromised, he asserted, "any restructuring should be conducted so that core staff are retained. This can be achieved by ensuring that any restructuring proposal includes appropriate and specific employee protections for existing agency employees."

To do otherwise, he declared, "could lead to widespread employee departures and undermine the effectiveness of federal oversight during a critical transition period."

Fiechter pointed out that over its seven years of existence, OTS has successfully adjusted to a steadily shrinking thrift industry it supervises and, yet, has maintained effective oversight. As the agency's staff has declined by more than half over that time, OTS still has been able to maintain an appropriate ratio of examiners-to-institutions and frequency and thoroughness of its examinations.
"Because of these efforts, I believe the OTS is prepared and fully capable of effectively carrying out its existing statutory mission," Fiechter said.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.