WASHINGTON, D.C., Aug. 28, 1997 -- The Office of Thrift Supervision (OTS) said today it has begun implementing a new computer-based system for obtaining loan data from thrift institutions that will make the OTS examination process more efficient and allow examiners to better utilize their time on-site at the institutions.

The new system, which has been under development the past year, will facilitate improved analysis and streamlined examination of loan portfolios. Examiners will be able to determine more quickly changes in lending patterns, new activities and common elements in loan delinquencies and poorly performing loans. This capability is viewed by OTS as an important step in a key objective, to improve the analysis of the condition of individual institutions and the industry as a whole.

Other advantages expected from the new program are greater consistency in the examination process across the agency; better clarity in the examination report; improved scoping, planning and management of the examination; and a more industry-friendly pre-examination package sent to each institution, which is achieved by requesting electronic data in lieu of paper reports.

"The new approach will enable examiners to do more analytical work off-site before actually visiting an institution, thus making the examination process less intrusive and more effective," said OTS Director Nicolas Retsinas. "Our examiners will share these new techniques with the institutions, if they wish to take advantage of the offer. Sharing may enable each thrift institution to do some of its own internal analysis faster and more cheaply."

OTS examiners will communicate with the institutions well before the examination is due to begin to request as much data as are available electronically on loans and real estate owned.
The institutions will not be asked to gather any information electronically they do not already collect for their own purposes, according to William Durbin, who is directing the new program.

OTS is striving for maximum flexibility in this process, Durbin said. "We want to tailor our requests for information to each institution we examine, so we will not set up a standard data request. Our examiners will be able to use a wide range of data and different formats."

If the results of working electronically with loan and real estate owned data prove positive, as expected, then OTS will expand the program to include other types of information.

The electronic examination has been under testing and evaluation for the past several months. During that time, OTS has discovered some of the benefits that are anticipated with this new approach, Durbin said. For example, time and again examiners have been able to select a random sample of loans for review in substantially less time than before. The time saved can be either modest or substantial, depending on the size of the loan portfolio and the examiner's experience.

Virtually all of the OTS safety and soundness examiners have completed training in the use of the new program, Durbin said. He expects enhancements will be made to the program over the next two years as implementation evolves.

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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.