Seidman Recounts OTS Accomplishments In Farewell Address to Thrifts

NEW ORLEANS - In her farewell address to the thrift industry, Office of Thrift Supervision Director Ellen Seidman today reviewed her four-year tenure, a time of enhanced profitability and stability for both OTS and the thrift industry. She focused on her actions to rebuild OTS, enhance communication between the agency and thrifts, and improve the thrift charter.

In a speech at the America's Community Bankers annual convention here, she encouraged every thrift to adopt a strategic vision that "focuses on long-term profitability, not short term gain or the 'business line of the week,'" and that recognizes and builds on what makes, or could make, each thrift special. She emphasized the special importance of thrifts serving their communities, and the comparative advantages thrifts, with their "high touch" orientation, have in doing so.

She discussed the improvements made to the thrift charter through OTS regulations, guidance, handbooks and opinions, as well as through its work with Congress and with other federal and state financial regulators. She pointed out that since she arrived, OTS has updated fiduciary powers, issued guidance on electronic operations, improved interest rate risk bulletins and models, and issued a completely revised trust handbook that is modern and forward-looking.

She highlighted bringing capital rules and investment authority in closer alignment with the other regulators, support for the mutual form of organization, and improved communication between holding companies and OTS as other accomplishments benefiting the industry.

"It's sometimes easy to forget that four years ago, 'charter merger' was being discussed as practically a foregone conclusion. Obviously," Ms. Seidman said, "the work you and your colleagues did was critical to turning this around, but having a credible regulator was also important."

Detailing her accomplishments at OTS, Ms. Seidman said the skills of the staff were substantially upgraded even as the agency was being downsized. At the same time, OTS, for
the first time in seven years, began refilling its pipeline of examiners. She pointed to a stronger and more efficient application process, better communication across the agency, substantially upgraded technology, improved ombudsman and quality assurance functions, placing the agency on better financial footing, and significantly increasing agency morale as other accomplishments.

Ms. Seidman said her term was marked by improved communications with the thrift industry, which began with a different exam philosophy "that is no less thorough, but is far more collaborative and less adversarial." She also pointed to the efforts of OTS's community affairs liaisons, who help thrifts find and effectively serve new markets, to broader communications with thrifts through a variety of forums, and to an upgraded web site that is more user-friendly.

Ms. Seidman also reminded thrifts of Y2K and the efforts of thrifts and OTS to engage in the three "c's" of contingency plans, collaboration, and communication. "The events of September 11 remind us of the importance and utility of what we learned two years ago, and, fortunately, we hadn't completely forgotten those lessons."

She advised thrifts to work with their regulator, stay alert to bad acts in the financial service arena, remember that competition and technology are both their friends and their highest source of risk, value their community, and value the thrift charter. "It's a great charter, wonderfully flexible, with nationwide reach and a single regulator."


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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's 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 visit the OTS web page at www.ots.treas.gov.