NR 98-27
March 10, 1998

Summary of Statement of
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Comptroller of the Currency

Mr. Chairman and members of the Committee, I appreciate this opportunity to discuss continuing regulatory burden reduction for the banking industry and specifically to offer my views on S. 1405, the "Financial Regulatory Relief and Economic Efficiency Act of 1997". I commend you and Senators Shelby and Mack for your sustained focus on the issue of regulatory burden reduction, and for your leadership in proposing a bill that builds on prior successful efforts to provide prudent and effective regulatory relief for the banking industry. This Committee can be proud of the leadership it has shown over the last five years in the effort to reduce unnecessary regulatory burdens for the banking industry, while not compromising either the safety and soundness or the community and customer responsibilities of banks.

The Office of the Comptroller of the Currency (OCC) recognizes that effective bank supervision necessarily imposes a degree of regulatory burden to maintain the safety and soundness of the industry, ensure that the credit needs of the public are served, and protect the interests of banking customers. However, it is also our responsibility to identify and eliminate unnecessary regulatory and supervisory burden. Excess burden cannot be tolerated. It makes banking more costly and makes banks less safe and sound and less able to serve their customers.

Since 1993, the OCC has undertaken three significant initiatives aimed at reducing unnecessary regulatory burden and improving the efficiency of supervision: the Regulation Review Program, the Supervision-by-Risk approach to bank examinations, and the revision of our assessments and fees. The Regulation Review Program involved reviewing all 29 of the OCC's rules and eliminating or revising provisions that did not contribute significantly to maintaining the safety and soundness of national banks, facilitate equitable access to banking services for all consumers, or accomplish the OCC's other statutory responsibilities. Supervision by Risk directs more of our supervisory resources to those banking activities and those banks that pose the most serious threats to the safety and soundness of the banking system. Finally, we have revised corporate fees and assessments to more closely match them to the actual costs of supervision and ensured that the assessment schedule did not favor one form of corporate organization over another. The total reduction in fees and assessments instituted by the OCC between 1995 and 1997 will save national banks $88 million annually.

S. 1405 seeks to build on the successes of prior efforts to reduce unnecessary burden, and the OCC supports continued efforts to reduce that burden and improve supervisory efficiency. The OCC does not believe that the repeal of the prohibition against the payment of interest on demand deposits to business customers would result in any longer-term supervisory concerns. The bill contains other important, burden-reducing provisions and I strongly support the provisions of the bill that enhance national banks' organizational flexibility.

I am concerned, however, about the effects on consumers of certain provisions in S. 1405. Section 402 may deprive consumers of information that is crucial to making informed credit decisions. In addition, the proposed removal of anti-tying restrictions in section 204 and certain proposed revisions to the Fair Debt Collection Practices Act (FDCPA) in section 207 could also be somewhat detrimental to consumers.

The OCC remains committed to the reduction of regulatory and supervisory burden. I applaud the Committee for its efforts, and support the provisions in S. 1405, with only a small number of exceptions.