



# NEWS RELEASE

Comptroller of the Currency  
Administrator of National Banks

NR 2001- 26

FOR IMMEDIATE RELEASE  
March 8, 2001

Contact: Kevin Mukri  
(202) 874-5770

## **Comptroller Hawke Says Bankers and Regulators Better Prepared to Deal with Challenging Economy**

LAS VEGAS -- Comptroller of the Currency John D. Hawke, Jr. said today that bankers and regulators both learned from the problems of the early 1990s and are far better prepared to deal with a challenging economic environment today as a result.

“Consolidation over the past ten years has given us a banking system that should be more stable and more resistant to downturns,” he said in a speech to the annual convention of the Independent Community Bankers of America.

In addition, there has been a dramatic overall improvement in most banks’ risk management and mitigation capabilities.

“Bankers today--and not only the largest banks--are using more sophisticated analytical tools and computer models to manage increasingly complex risks,” said Mr. Hawke. “And bankers, even community bankers, have far greater opportunity through the use of syndication and credit derivatives, and through the securitization markets, to design and structure the types of balance sheets and business franchises they desire.”

Mr. Hawke said the experience of the early 1990s taught regulators the value of a supervisory approach that is more modulated and predictable.

“Since becoming Comptroller, I’ve emphasized the importance of fashioning a carefully calibrated response to changes we see taking place in our banks,” he said. “But that does not mean sitting by silently as conditions deteriorate. It means addressing problems as we see them developing -- while we still may be able to do something about them -- and doing so consistently and in a measured way.”

The Comptroller said the OCC has done much to improve its ability to communicate with national banks, including the establishment of National BankNet, a secure Internet site available only to national banks.

National BankNet, he said, “is a major improvement in the ability of bankers and regulators to communicate with one another, and it should result in improved understanding and cooperation as we enter these more challenging times.”

-more-

Mr. Hawke said community banks have not been affected to the same degree as large institutions by the deterioration in the economy. “Few community banks, for example, hold many of the speculative-grade, highly-leveraged, and poorly underwritten assets, especially those backed by so-called enterprise value, which have been hardest hit of late,” he said.

However, the Comptroller said no one in the banking industry should become too complacent, since it is not difficult for the problems afflicting large banks to spread to small institutions.

“What you’ve got really, is a window of opportunity -- time to take prudent, proactive steps to prepare for what may come, and to mitigate the effects of future adverse changes,” he said.

The test for community banks, he added, is how they use this window of opportunity. They should continue to pay close attention to the individual financial conditions of their customers; tighten board and management controls; continue to build reserves and make full use of risk mitigation techniques.

Mr. Hawke said the OCC would continue to speak out on issues in a balanced way.

“The greatest contribution we as bank supervisors can make to the maintenance of a healthy economy is to do what we can to help preserve the ability and capacity of our banks to extend credit to creditworthy borrowers,” he said.

# # #

The OCC charters, regulates and examines approximately 2,200 national banks and 56 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.

Related Link:

- [Speech](#)