

# Educating Bankers In the Third District

Supervising banks is obviously a big part of what the Bank's Supervision, Regulation and Credit (SRC) Department does, but it also conducts several highly successful outreach programs.



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The outreach programs supported by SRC are aimed at maintaining communication channels between the Philadelphia Fed and its depository institutions, keeping Third District bankers informed, helping them comprehend banking regulations and compliance, and soliciting their input and feedback on emerging and existing public policy issues.

## Meetings

To keep the lines of communication open, SRC holds meetings throughout the year. These meetings take various forms and are geared to different audiences.

Five times annually, the department holds

Bankers' Forums. To make attendance as convenient as possible, SRC splits the locations: two in Philadelphia and three elsewhere in the Third District. The forums give chief executive officers from area banks an opportunity to discuss emerging issues and challenges with SRC staff and their peers. The most important aspect of the Bankers' Forums is hearing concerns directly from bankers, but it also gives SRC a chance to meet with financial institutions outside the examination process. Although these meetings generally focus on discussions about local financial industry issues, in 2004, the Bank Secrecy Act (BSA) and the USA Patriot Act were common themes. The BSA requires banks to file suspicious activity reports on money laundering and certain other

crimes. The Patriot Act, in part, reinforces anti-money laundering statutes with an eye to preventing funding of terrorists and their organizations. In discussions, SRC cautioned bankers that, when there is a violation of these laws, the Fed cannot exercise discretion in enforcement actions, since such proceedings are generally mandated by statute.

SRC also sponsors two other annual meetings: a roundtable for certified public accountants who audit banks SRC supervises and a roundtable for banks' chief financial officers and internal auditors. The agenda for these meetings is set by SRC in conjunction with the Federal Reserve's Board of Governors in Washington, DC.

### **Publications**

Another way SRC keeps bankers abreast of what's happening in the financial services industry is through its quarterly newsletter *SRC Insights* and its companion insert *Compliance Corner*. This publication, which is available in both paper and electronic form, offers a wealth of information to depository institutions. Each issue begins with a commentary from Senior Vice President Mike Collins on topics ranging from trends in enforcement activity, to the changing supervisory landscape, to the impact of the Sarbanes-Oxley Act. Newsletter articles cover subjects such as "phishing" (an Internet scam), Basel II's impact on competition in the U.S. financial services industry, and training for bank directors. Although *SRC Insights* is targeted to the banks SRC supervises, it also contains

commentary on guidelines issued by other regulators.

In its publications outreach last year, SRC reached an even broader audience when *The RMA Journal* printed an article by Mike Collins on fraud management techniques. RMA is a professional association that advances the use of sound risk principles in the financial services industry.

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### **Other Initiatives**

Enhancing communication with other regulators was also a priority in 2004. To that end, SRC developed and hosted a program with Pennsylvania's Department of Banking to establish good communication between new leadership. In addition, SRC developed and hosted a program with the heads of the banking departments in each of the District's

three states to discuss coordination of crisis management activities.

Another area in SRC, the Consumer Compliance/Community Reinvestment Act (CC/CRA) unit, contributes significantly to SRC's outreach initiatives. Last year, the unit developed a CD-ROM training module on the Home Mortgage Disclosure Act, entitled "HMDA: Understanding the Changes to Regulation." The CC/CRA unit also conducted a training session on consumer regulations for the National Credit Union Administration and, with the Bank's Retail Payments Department, participated in several Check 21 initiatives. This unit also conducts outreach to community groups and fields consumer complaints.