

**Witness:** John Bowman, Acting Director, Office of Thrift Supervision

**Hearing:** Federal Regulator Perspectives on Financial Regulatory Reform

**Date:** September 23, 2009

**Link:** [http://www.house.gov/apps/list/hearing/financialsvcs\\_dem/bowman\\_-\\_ots.pdf](http://www.house.gov/apps/list/hearing/financialsvcs_dem/bowman_-_ots.pdf)

### **Administration Proposal to Eliminate the Thrift Charter**

Bowman does not support the proposal to eliminate the federal thrift charter and require all such institutions to adopt the National Bank Charter or a state charter.

- Bowman supports maintaining the dual banking system for banks and thrifts.

### **National Bank Supervisor (NBS)**

Bowman does not agree with the proposal to merge the Office of Thrift Supervision (OTS) and the Office of the Comptroller of the Currency (OCC) into the NBS.

- Bowman does not believe that consolidating these regulators would have stopped the bank and thrift failures.
- Consolidation would entail significant costs for thrifts and thrift holding companies.
- The NBS would focus its attention and resources on big banks, neglecting smaller banks and encouraging further industry consolidation.
- As long as there is a thrift industry, the OTS is best suited to regulate it.

### **Elimination of Exception in Bank Holding Company Act (BHCA) for Thrifts**

Bowman disagrees with the proposal to eliminate the thrift exemption and special purpose exemption from banking regulations under the BHCA.

### **Consumer Financial Protection Agency (CFPA)**

Bowman supports the creation of the CFPA to have consolidated rulemaking authority over consumer protection, with some suggestions:

- Nonbank lenders should be regulated under the CFPA.
- Consumer protection examination and supervision authority for insured depository institutions should remain with the Federal Banking Agencies and the National Credit Union Administration.
- Safety and soundness regulation should not be separated from consumer protection.
- States should not be allowed to establish additional regulations for consumer protection.
- The Consumer Financial Protection Agency should not be allowed to require institutions to offer particular products.

### **Systemic Risk and Resolution Authority**

Bowman supports the establishment of a systemic risk regulator and a council representing federal banking regulators.

- Bowman also supports a resolution authority for systemically significant firms.

### **Securitization Markets**

Bowman believes that compensation for loan originators should be aligned with responsible underwriting.