

**Remarks by
John C. Dugan
Comptroller of the Currency
Before the
Exchequer Club and Women in Housing and Finance
Washington, D.C.
January 17, 2007**

As a past Chancellor of the Exchequer Club and a former member of Women in Housing and Finance, it is a pleasure to return to my old stomping grounds today for this speech. Both organizations have long traditions of bringing interesting speakers to their gatherings, so I am honored to be invited, and I will strive mightily to live up to your very high standards. In that vein, I have decided to do something a little bit different today by bringing some technological help to my remarks – not because my remarks need help, mind you, but because my subject matter today will benefit from some visual illustration. And by the way, the slides I will use will also be included in the text of my speech that will be posted on our web site.

In the last twenty years, commercial banks have made important strides to diversify their business. Aided by interstate branching and banking legislation, and enhanced by modern technologies and risk management, banks today provide a broad range of products and services to customers around the country. In the national banking system, a striking aspect of this diversification has been the increased emphasis on products and services for retail customers. Over the years, this trend has led, appropriately, to increased emphasis by the OCC on consumer compliance issues in our supervision of national banks, and on assuring fair treatment of national bank customers.

What I want to talk about today – and show you – is one aspect of this very important part of our supervisory responsibilities: how the OCC handles complaints from consumers. While we always strive to improve, we are proud of what we have accomplished to date in building an

integrated system of skilled people and effective technology to address customer concerns – indeed, we think there is no finer complaint resolution function in government today. My remarks today address four specific points: how we address individual consumer complaints; how we use the information we gather in our supervisory process; how we also use that information to improve retail practices in national banks more generally; and finally, as you may have read about recently and as I am delighted to report, how we can now share information more effectively with state agencies.

How OCC Handles Individual Consumer Complaints

So let's start at the beginning with the complaints filed with us by individual consumers. By way of background, since the 1970s, the OCC has had consumer affairs units that handle consumer questions and complaints. In 1997, the consumer assistance function, renamed the Customer Assistance Group, or "CAG," was completely revamped. The agency centralized the function in Houston under the charge of the OCC's Ombudsman, a position that reports directly to the Comptroller. I'd like to recognize Sam Golden, our Ombudsman, and our deputy Ombudsman, Craig Stone, who are both here today. Under their guidance, we have invested literally millions of dollars in sophisticated technology both to aid in complaint intake and quality control, and to speed communications between the OCC and banks about the complaints we receive so that we can address concerns much more quickly.

Even more important, we have invested in the people who staff CAG. Our well trained customer assistance specialists have backgrounds in consumer law, compliance, and bank supervision. Many of them have advanced certifications as compliance specialists, accountants, and auditors, and collectively, they can handle calls in both Spanish and English. CAG's managers have an average of 25 years of regulatory or industry experience, and CAG staff has an average of 10 years of experience – all of which means that callers with complex questions can reach

competent, experienced professionals.

The cases come to us from all over the country and through a variety of channels – by phone, fax, Internet, or mail. In response to concerns about accessibility to West Coast callers, we have expanded our hours of operation so that CAG can be reached by telephone 12 hours a day, — from 8 a.m. to 8 p.m. Eastern Time — five days a week. That means when a consumer with a problem calls during those times, he or she will speak to a human being.

Let me pause here to make a very important point about the respective roles of CAG and the banks. Fair dealing with customers and prompt resolution of their problems is, first and foremost, the bank’s responsibility. The bank plainly has a strong interest in resolving complaints, and it typically has the resources and knowledge to do so much more efficiently than we can. Moreover,

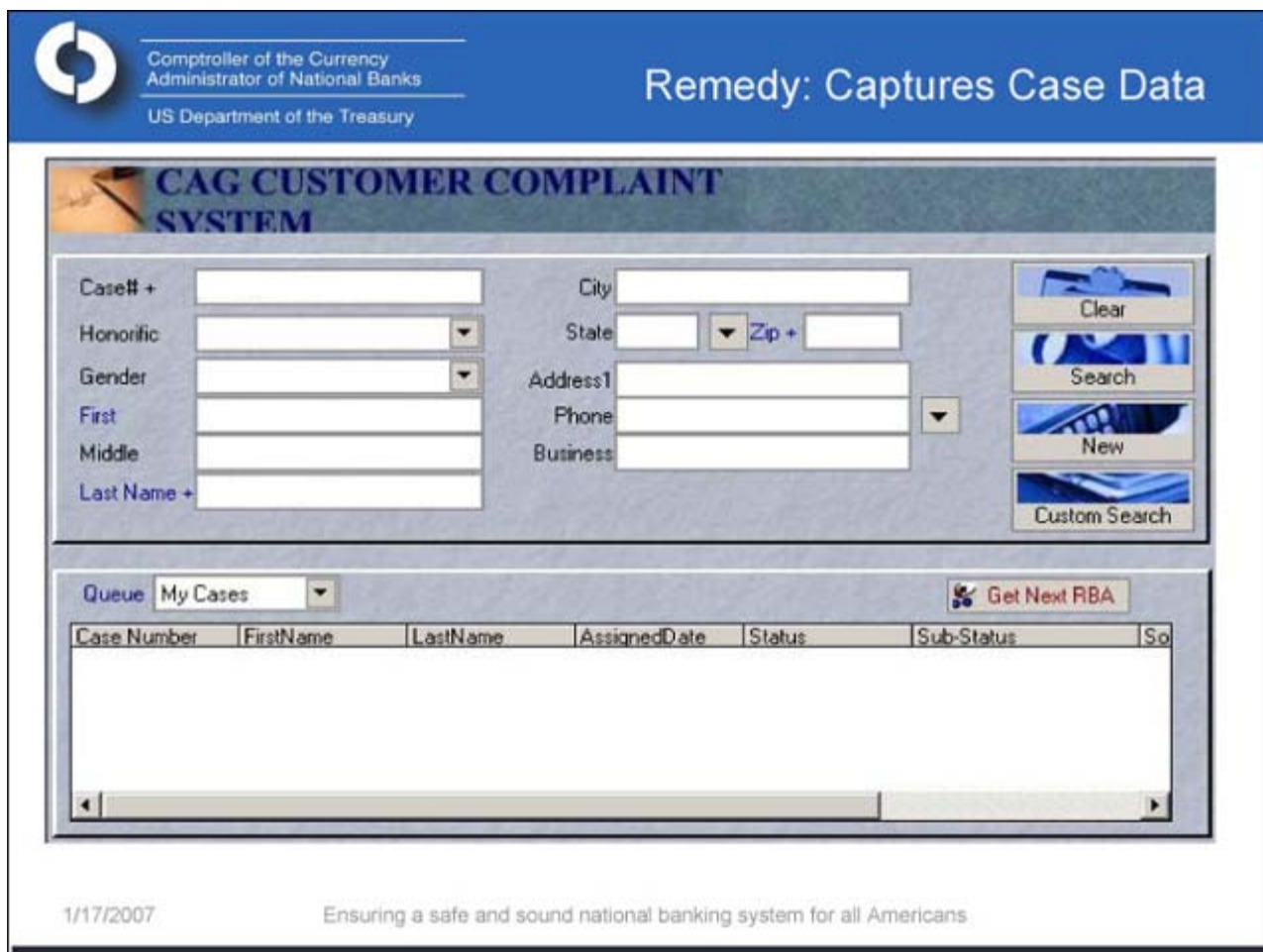


Figure 1. Remedy: Captures Case Data — Shows blank Remedy data-entry screen.

in addition to the compliance, legal, and reputation risks that complaints raise, banks understand that having unhappy customers is simply not good business. That’s why we nearly always suggest that a customer contact the bank first to resolve his or her problem.

Of course, that’s not always possible, or the customer may already have done so without success. That’s when customers often turn to us. We receive as many as 70,000 contacts every year from bank customers with questions or complaints. They run the gamut from simple questions about grace periods or fees, to much more complex problems. Some can be handled easily; others demand the expertise of our specialists. And, in those cases where a complaint appears to raise a substantial legal question, we have a process for consultation with the OCC Law Department.

Now we get to the “fun” part of my presentation, which is showing you how all this works

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US Department of the Treasury

Remedy: Captures Case Data

CAG CUSTOMER COMPLAINT SYSTEM

Case# + City
Honoric State Zip +
Gender Address1
First Phone
Middle Business
Last Name +

Clear
Search
New
Custom Search

Queue

Case Number	FirstName	LastName	AssignedDate	Status	Sub-Status	So
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Figure 2. Remedy: Captures Case Data — Shows customer assistance specialist entering case data.



Modify CAG:CUSTOMERCOMPLAINT Case 670289 - ABC National Bank

Case Number: 670289 | Status: Initial Revie | Sub-Status: | Source: Consumer | **BANK NET**

Customer Information | **Details** | Docs/Log | Assignment

Letters

LetterType	Filename	Create-date	Created By
Complaint Form	00598756.doc	12/11/2006 10:00:31	MGoodnight
Acknowledge Con	00598757.doc	12/12/2006 2:43:05	MGoodnight

Images

Scan Date	Image Type	Filename	Image Si	Actual Page Count
12/11/2006 9:42:14 A	Consumer Correspon	IMG000	125854	4
12/19/2006 10:30 A	Bank Corresponden	6702892	54352	

Audit Log

Create Date	Type	Information	User
12/7/2006 10:23:56 A	Status	New	MGoodnight
12/7/2006 10:23:56 A	Assign	TEAM D MGoodnight	MGoodnight
12/7/2006 10:23:56 A	WIP	no	MGoodnight
12/7/2006 10:23:56 A	Source	Consumer	MGoodnight

Figure 3. Remedy: Case Management — Provides access to all relevant case documents and information.

by walking you through a specific example, beginning with a customer’s initial call, that uses our complaint resolution software called “Remedy.” [See Figure 1, page 3.] Let’s begin with one of our CAG staff logging in the call of a hypothetical, totally random person who has an ax to grind with a national bank that we’ll call the ABC National Bank. Let’s call that hypothetical person . . . Diana Taylor. [See Figure 2, page 4.] (And just so you don’t think this is yet another heartless example of the OCC running roughshod over state officials, I ran this by Diana, who is here today as my guest, to get her blessing before using her name.)

As we walk through this example, I hope you will see how our investment in technology is by no means an effort to replace a live person with an automated menu system. Instead, the technology leverages the work of our very human customer assistance specialists to make it

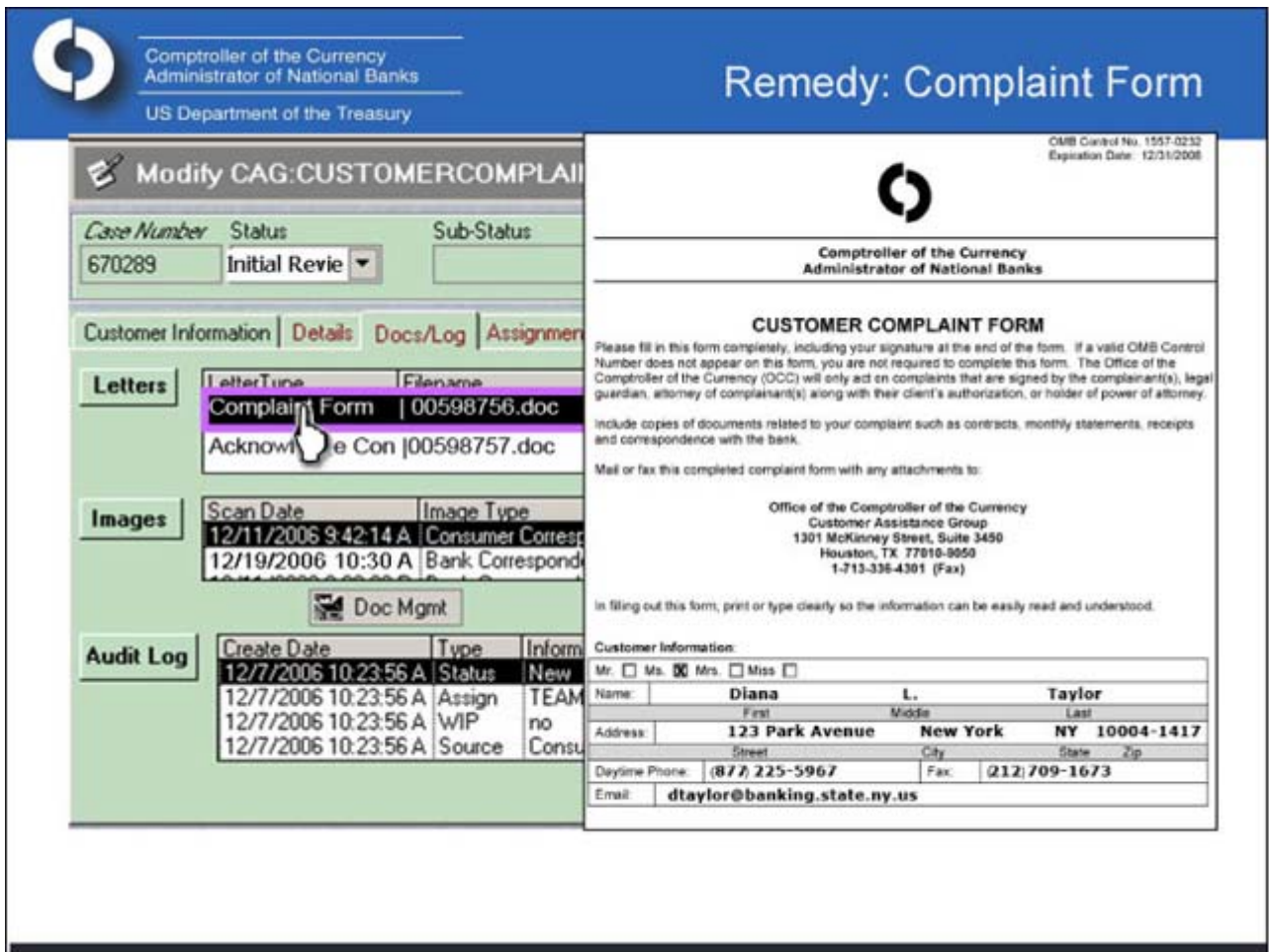


Figure 4. Remedy: Complaint Form — Remedy lets customer assistance specialists access important case documents including the customer complaint form shown here.

possible for them to help more people in a day, and to make the complaint resolution process as efficient as possible.

For example, the technology makes it easier for our specialists to follow individual cases. As you can see here, [See Figure 3, page 5.] the electronic case file that is created includes a record of every contact with the caller and key documents related to the complaint. The specialist can then use the software to drill down for more information on each one. For example, under the “Letters” section, the specialist can click on “complaint form” [See Figure 4, page 6.] and see an

The screenshot displays the 'Remedy: Acknowledgement Letter' interface. On the left, a sidebar contains a 'Modify CAG: CUSTOMER COMPLAINT' section with fields for Case Number (670289), Status (Initial Review), and Sub-Status. Below this are tabs for Customer Information, Details, Docs/Log, and Assignment. The 'Letters' section shows a table with columns for LetterType, Filename, and Create Date. The 'Acknowledge Con' entry is highlighted. Other sections include 'Images' with a table of scan dates and types, and 'Audit Log' with a table of system actions.

LetterType	Filename	Cre
Complaint Form	00598756.doc	12/7/2006 10:23:56 A
Acknowledge Con	00598757.doc	12/7/2006 10:23:56 A

Scan Date	Image Type	E
12/11/2006 9:42:14 A	Consumer Corresponden	
12/19/2006 10:30 A	Bank Corresponden	

Create Date	Type	Information
12/7/2006 10:23:56 A	Status	New
12/7/2006 10:23:56 A	Assign	TEAM D M
12/7/2006 10:23:56 A	WIP	no
12/7/2006 10:23:56 A	Source	Consumer

The main content area on the right shows the header for the acknowledgement letter, including the sender's name and address, the recipient's name and address, the case number, and the date. The letter body contains a message from the Customer Assistance Group, acknowledging the case and providing contact information.

Figure 5. Remedy: Acknowledgement Letter — Remedy also provides access to all correspondence sent to the customer including the acknowledgement letter, as shown here.

electronic image of the OCC letter that requested information from the customer. In this regard, it's essential that we get a signed complaint back from the customer because, among other things, it gives us permission to contact the bank and make inquiries on that person's behalf. [See Figure 3, page 5. Repeated Slide.] Likewise, by clicking on the next entry, [See Figure 5, page 7.] you can see the letter we sent to inform the customer that a case was opened to investigate her complaint.

The next step in the process is to transmit the complaint to the relevant bank. We used to

Figure 6. CAGNet: Exchange Data w/ Banks — Shows case information available to national banks via a secure Web-based access.

have to do that primarily through a paper process using mail or faxes. Not any more. Now we have CAGNet, [See Figure 6, page 8.] a secure, web-based telecommunications platform. This platform allows both us and our banks to electronically communicate with and send documents to

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US Department of the Treasury

CAGNet: Customer Complaint

OMB Control No. 1557-0232
Expiration Date: 12/31/2008

NATIONAL BankNet
Comptroller of the Currency
Administrator of National Banks

Homepage | Communications Center | Banking Tools | Forms

BankNet > Forms > CAGNET

COMPLAINTS PENDING WEB RESPONSE: - Welcome Agent Jones

Institution Information
ABC National Bank
Charter: 939999
City: New York
State: NY

Case# 670289
Consumer: Taylor, Diana
Business: NY Banking
Address: 123 Park Avenue
Compensation: Fees returned
Phone: 877-555-5678
Ext:
Fax:
Representative: Smith

Initial Case Coding*
Category: Checking
Primary: Fees
Secondary: Error

*Initial Case Coding (ICC) is based on CAG's Initial Review and is subject to the appropriate bank's review.

Notes
Case Notes
12/1/2006 -- kathryn.kaplan
12/11/2006 -- kathryn/kaplan

Related Documents
12/11/2006 Customer Complaint

CUSTOMER COMPLAINT FORM
Please fill in this form completely, including your signature at the end of the form. If a valid OMB Control Number does not appear on this form, you are not required to complete this form. The Office of the Comptroller of the Currency (OCC) will only act on complaints that are signed by the complainant(s), legal guardian, attorney of complainant(s) along with their client's authorization, or holder of power of attorney. Include copies of documents related to your complaint such as contracts, monthly statements, receipts and correspondence with the bank.
Mail or fax this completed complaint form with any attachments to:
Office of the Comptroller of the Currency
Customer Assistance Group
1301 McKinney Street, Suite 3450
Houston, TX 77010-9050
1-713-336-4301 (Fax)

In filing out this form, print or type clearly so the information can be easily read and understood.

Customer Information
Mr. Ms. Mrs. Miss
Name: **Diana L. Taylor**
First Middle Last
Address: **123 Park Avenue New York NY 10004-1417**
Street City State Zip
Daytime Phone: **(877) 225-5967** Fax: **(212) 709-1673**
Email: **dtaylor@banking.state.ny.us**

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Figure 7. CAGNet: Customer Complaint — CAGNet provides national banks timely access to information including customer complaint forms shown here.

each other on complaint matters – instantaneously. Here, for example, the ABC national bank can use CAGNet on its computer desktop to see a summary of all the pending complaints that its customers have filed with the OCC. [See Figure 7, page 9.] And as you can see, it can then click through to get details about each, including the one just posted by OCC staff regarding the bank’s hypothetical customer, Ms. Taylor. [See Figure 6, page 8. Repeated slide.]

Not surprisingly, many of the complaints that come to us are complex, requiring a number

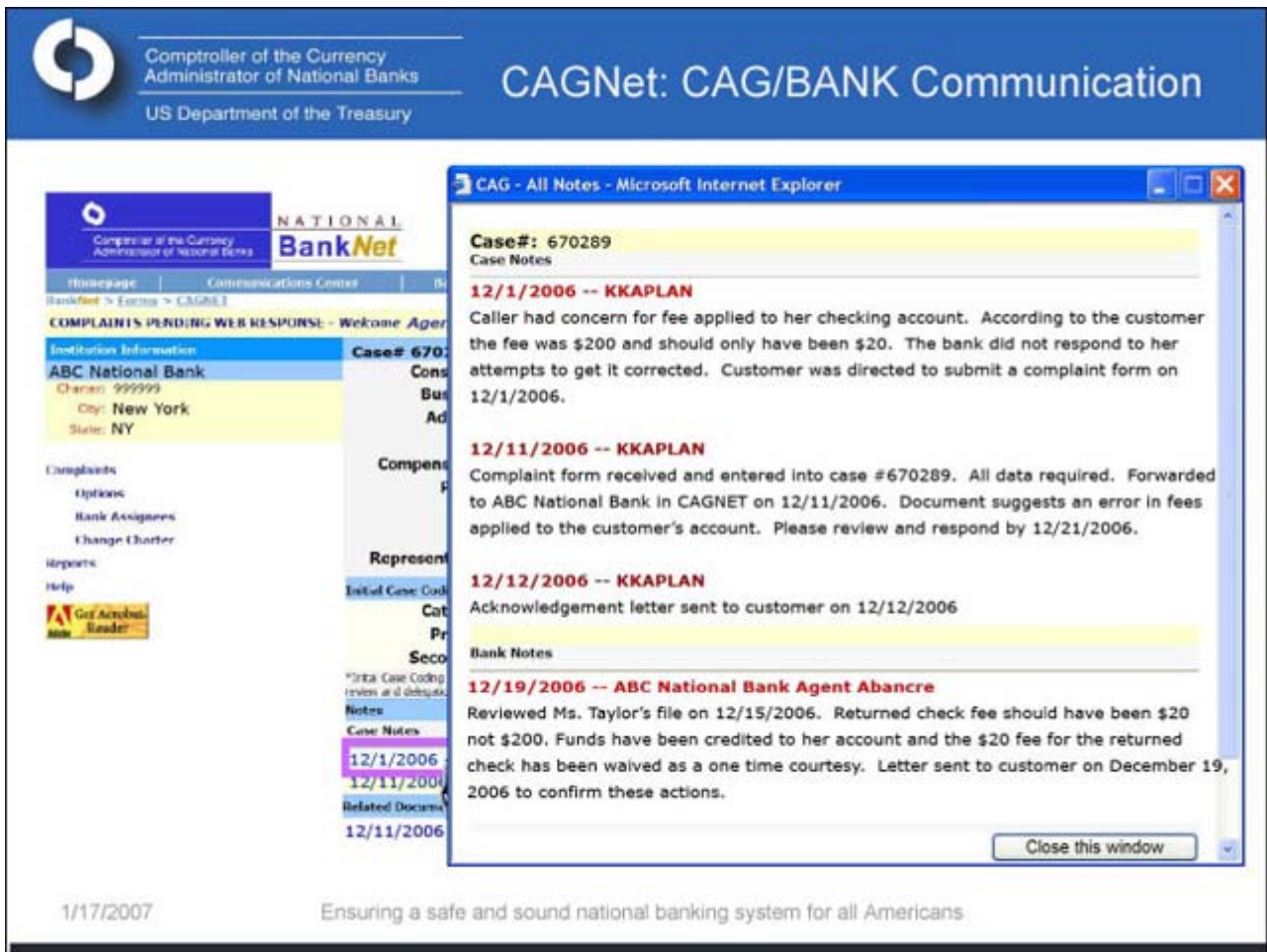


Figure 8. CAGNet: CAG/BANK Communication — CAGNet lets customer assistance specialist and banks communicate more efficiently using notes, as shown here.

of conversations among the bank, the customer, and our staff to understand the underlying issues – and, for OCC staff only, all such confidential conversations are summarized in detailed case notes, [See Figure 8, page 10.] as you can see with respect to our hypothetical case. Here it turned out that, instead of a charging a \$20 fee for a returned check as stated in its “Schedule of Fees,” the bank charged \$200. The bank recognized its mistake and, as shown by this letter captured in our database, [See Figure 9, page 11.] it credited Ms. Taylor’s account for the disputed \$200 fee and



The screenshot displays a software interface for managing customer complaints. On the left, there are sections for 'Letters', 'Images', and 'Audit Log'. The 'Letters' section shows a table with columns for LetterType and Filename, listing 'Complaint Form' and 'Acknowledge Con'. The 'Images' section shows a table with columns for Scan Date and Image Type, listing a scan from 12/19/2006. The 'Audit Log' section shows a table with columns for Create Date, Type, and Information, listing several actions from 12/7/2006. On the right, a document titled 'ABC National Bank' is displayed, dated December 19, 2006, addressed to Diana Taylor. The letter explains that the bank has credited her account \$200 for an error in calculating fees and is waiving a \$20 fee for a returned check. It also includes contact information for further questions.

Figure 9. Remedy: Bank Response — Remedy captures all aspects of a customer’s case from complaint form to the response issued by the national bank (shown here).

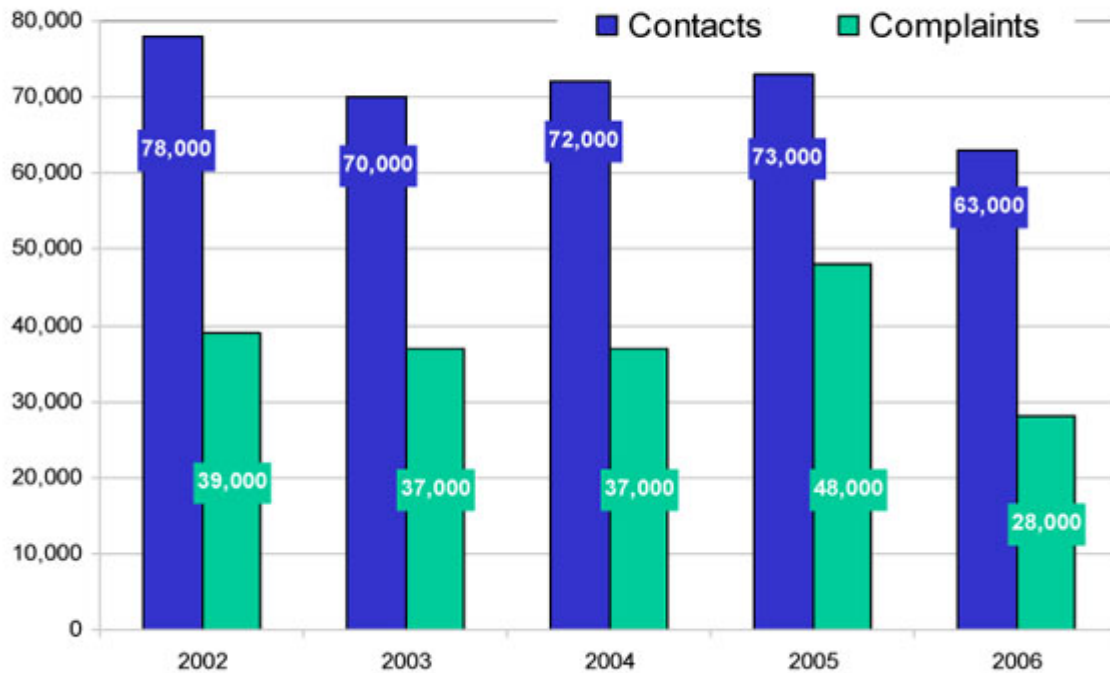
waived the \$20 fee for the returned check.

Now, while this complaint involved a situation that the bank readily corrected, not all situations are that easy. In some cases, we question the bank’s response, and send it back for additional work until we get a satisfactory response.

The point of all this is not that I enjoy showing you these visuals (even though I do). Instead, it’s that we have developed what we believe is an excellent system of people and technology to handle customer complaints expeditiously and effectively – and in the process we



Contacts vs. Complaint Volume



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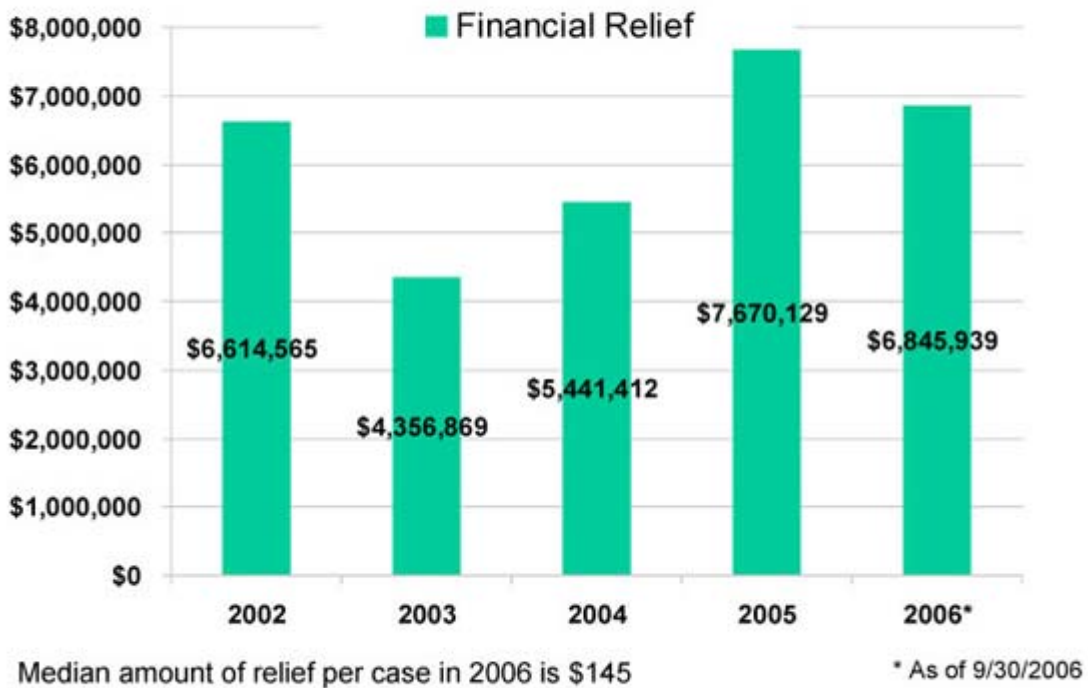
Figure 10. Contacts vs. Complaint Volume — Compares the number of customer contacts made each year compared to the number of cases initiated. In 2006, there were 63,000 contacts and 28,000 complaints.

capture data that is useful for other important purposes as well, as I'll get to in a moment.

Most important for individual customers of national banks, I think the bottom line is impressive. [See Figure 10, page 12.] During 2006, for example, we handled 63,000 cases, of which 28,000 were complaints. [See Figure 11, page 13.] The result was nearly \$7 million in financial relief in 2006 for national bank customers, as shown by the bar on the right. And all told, we have generated more than \$30 million of such relief over the last five years.

How the Customer Assistance Function Is Integrated Into OCC Supervision

So that's our "micro" story about retail customers, but there's a "macro" story as well. Aggregated together, individual consumer complaints can provide a window on larger consumer



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Figure 11. Financial Relief — Shows the amount of financial relief generated for bank customers each year as a result of CAG assistance with 2006 resulting in nearly \$7 million in financial relief.

compliance issues at a bank, and I believe the OCC is unique in the way we use the information obtained and analyzed by CAG in support of our bank supervision activities. The complaint data CAG collects, summarizes, and distributes to OCC's examiners help them identify practices and activities that warrant further review or investigation. OCC supervision guidance also requires examiners to consider consumer complaint information when assessing a bank's overall compliance risk and ratings, and when scoping and conducting examinations. And OCC guidance requires that national banks have procedures in place to monitor and address consumer complaints.

CAG's work also has a direct impact on how we supervise banks. Examiners and other

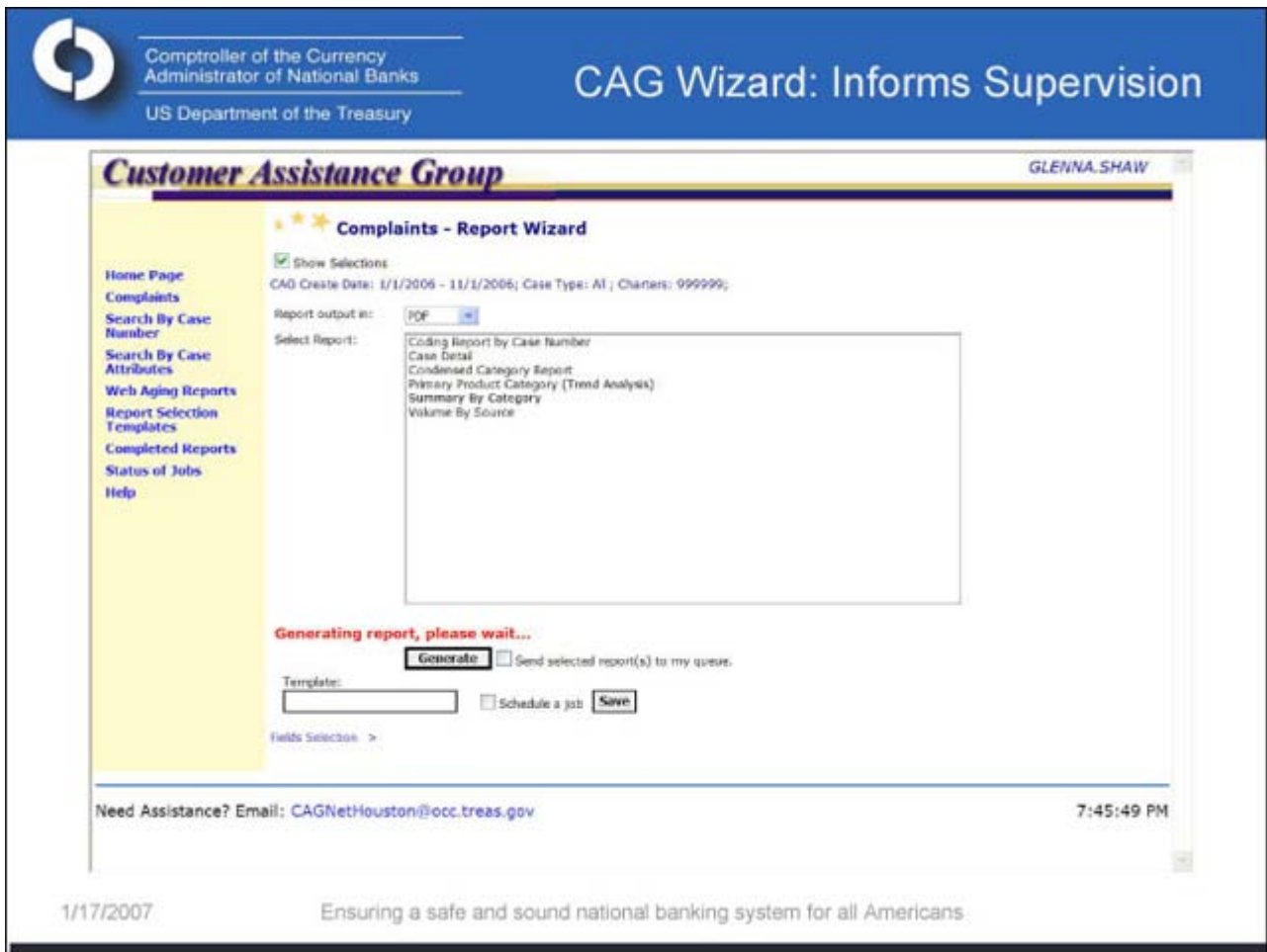
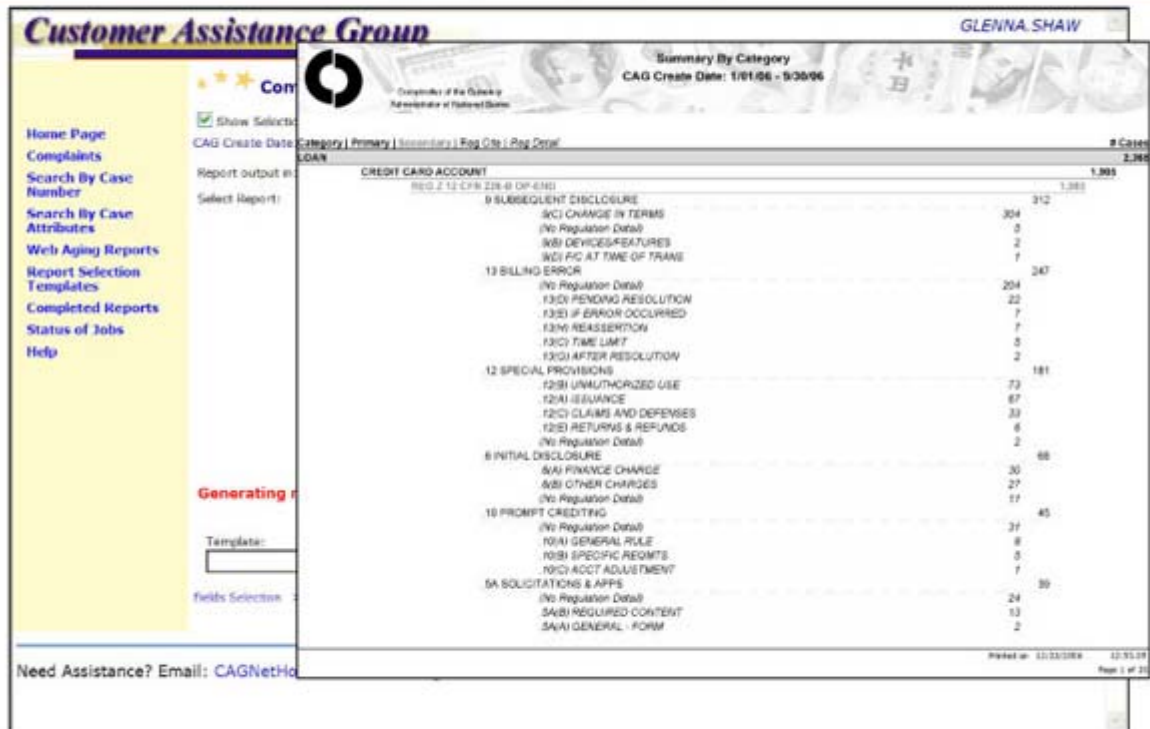


Figure 12. CAG Wizard: Informs Supervision — Shows basic screen available to OCC employees to search CAG-related data and generate reports to support research, analysis, and bank supervision.

OCC team members have direct access to complaint information through a system called CAG Wizard, shown here. [See **Figure 12, page 14.**] This application allows examiners to access near real-time data, review specific complaints, or conduct customized searches of the data. For example, the examiner can access complaints summarized by category. [See **Figure 13, page 15.**]



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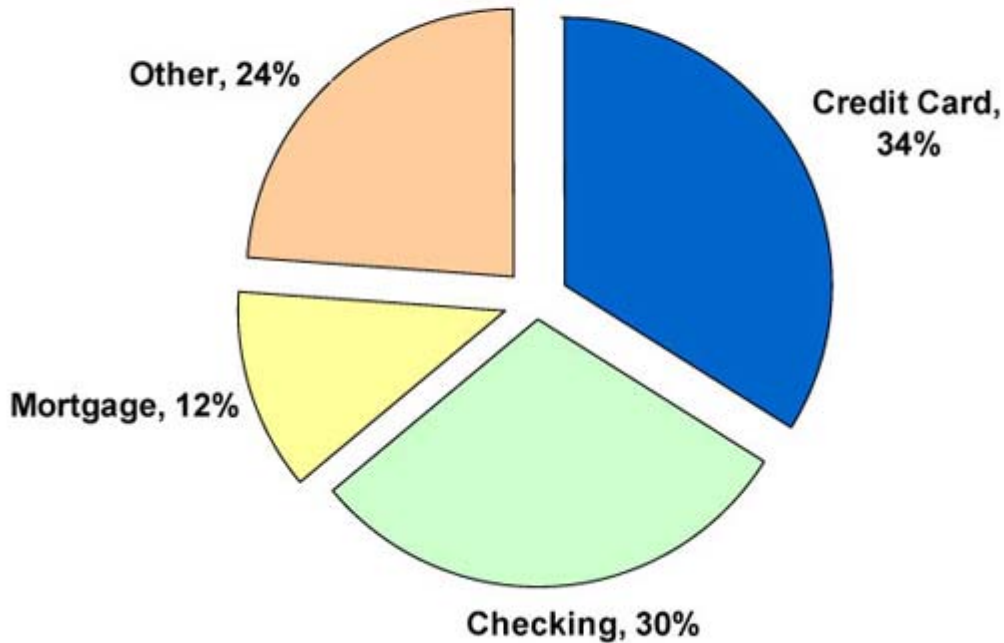
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Figure 13. CAG Wizard: Informs Supervision — Shows an example report that OCC employees can generate. This example groups complaints about credit cards into more specific categories including “disclosures,” “billing,” and “prompt crediting.”

As shown here, the credit card complaints are divided into such groups as “disclosure,” “billing,” “prompt crediting,” etc. The data can also be used to generate reports on complaint trends in a number of different ways, [See Figure 14, page 16.], including, as you see here, industry-wide trends across major product groups. [Pause] Or, as this slide shows for mortgage complaints, [See



2006 Complaints by Major Product



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Figure 14. 2006 Complaints by Major Product — Shows breakdown in percentage of complaints with credit cards representing 34 percent, checking making up 30 percent, mortgages totaling 12 percent, and other products sharing the remaining 24 percent.

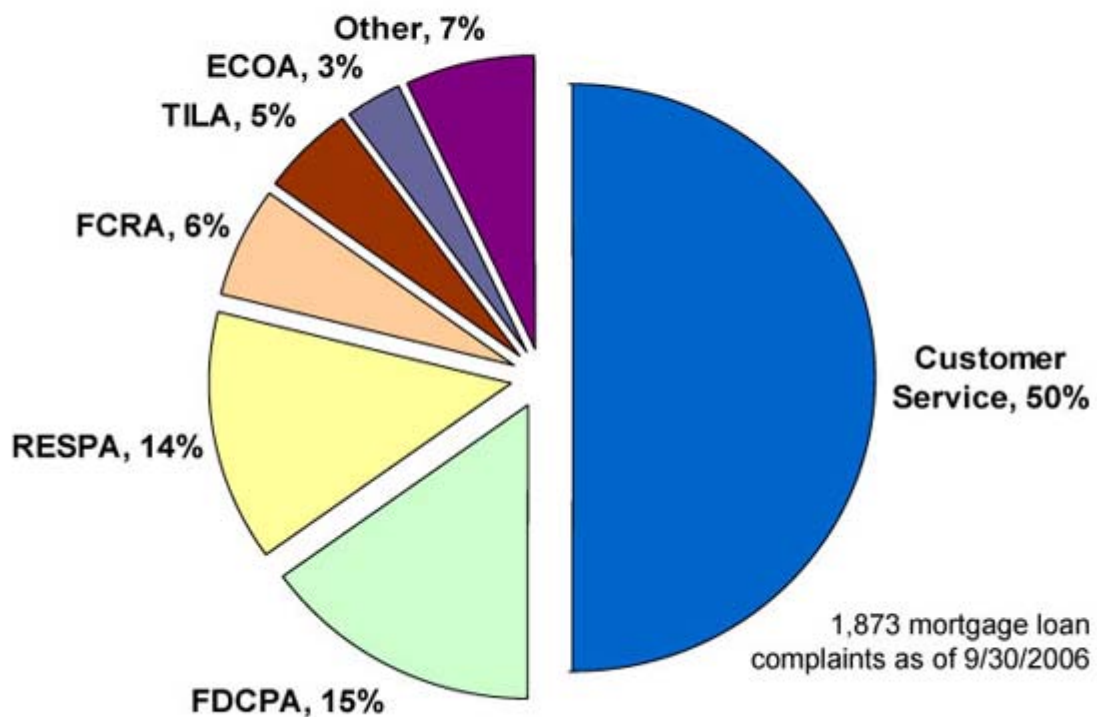
Figure 15, page 17.] a report can provide a breakdown of issues within a specific product category.

How do OCC examiners actually use complaint information in their compliance supervision? One important use is in the process of planning and adjusting examinations, both as to timing and focus, to better target areas of potential concern. Examiners also use the information when developing their annual risk assessments of banks. And CAG staff may alert examiners if there are certain types of complaints that appear to warrant further attention or if they see patterns emerging in the overall complaint volume concerning a bank.

Other parts of the agency use CAG data as well. Our policy shop has used it to help formulate guidance in areas such as use of third-party vendors, predatory lending, and credit cards.



Breakdown for Mortgage Complaints



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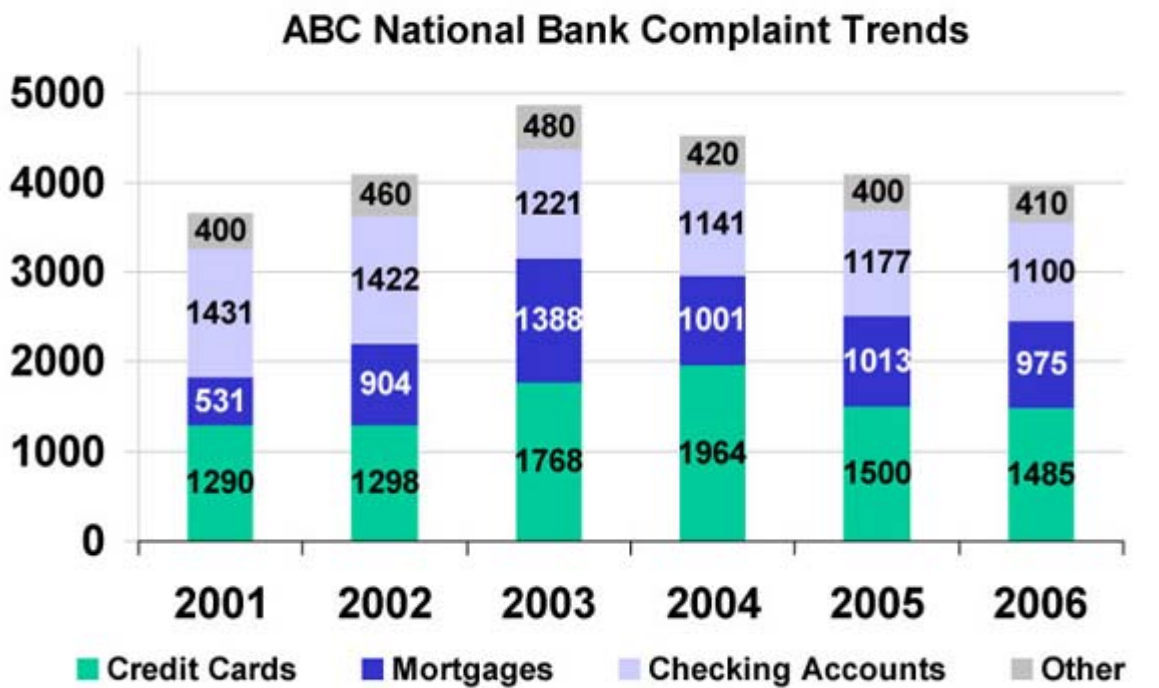
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Figure 15. Breakdown for Mortgage Complaints — Shows that among complaints related to mortgage products, customer service represented half of all complaints in 2006 as of September 30.

And, when we see individual complaints or patterns of complaints that could indicate inappropriate or unfair or deceptive practices, OCC lawyers are called in. We can and we have taken enforcement action to correct practices that we found to be unfair or deceptive.

CAG Feedback to Banks

In addition to putting CAG data directly to work in supervision, we use it for another important purpose as well: to provide aggregate feedback to banks as a way to identify retail



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sample figures

Figure 16. Bank Specific Data Analysis — Shows example complaint data for ABC National Bank by major product category from 2001 to 2006. Slide demonstrates the type of analysis provided to national banks based on complaint-related data. Data shown here is not intended to represent a real bank.

practices that need improvement. [See **Figure 16, page 18.**] For larger banks with substantial complaint volume, CAG staff communicates on a regular basis with management regarding trends in specific product lines, as illustrated by this slide. Senior CAG managers also meet annually with officials at the banks that receive the most consumer complaints during the previous year. [See **Figure 17, page 19.**] At these meetings, CAG officials discuss significant issues, such as peer data on complaint volume. As shown here, the year-over-year change in complaint volume for ABC



Complaint Volume by Bank

Volume and Percentage Change from 6/30/05 to 6/30/06

Banking Company	6/30/05	6/30/06	% Change
ABC National Bank	4,090	3,970	-3%
DEF Bank	4,480	3,786	-15%
GHI Bank	2,534	1,934	-24%
JKL Bank	1,766	1,809	2%
MNO Bank	1,068	1,077	1%
PQR Bank	939	1029	10%
STU Bank	937	807	-14%
VWX Bank	460	488	6%
YZ BANK	423	407	-4%

sample figures

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Figure 17. Complaint Volume by Bank — Shows example complaint for Bank ABC and its peer group showing change in volume from June 2005 to June 2006. Slide demonstrates the type of analysis provided to banks based on complaint-related data. Data shown here is not intended to represent a real bank.

bank is compared to similar data at eight other banks. CAG officials consult with OCC examiners on the additional issues that warrant more analysis or attention by bank officials, and OCC examiners participate in the meetings CAG officials have with bank management. Indeed, on occasion it has been CAG data provided by the OCC that first alerted a bank management team to an emerging issue.

Collaboration with States

Let me shift gears now to my last topic. As all of you here can appreciate, it is often difficult for a consumer to know whether his or her depository institution is a bank or a thrift, or has a state or national charter. Even if the type of institution is apparent, there is often understandable

confusion about which agency to go to with a complaint. That's why CAG receives numerous inquiries and complaints from customers of institutions that we don't regulate, and the same is true for our sister agencies at the federal and state level. Over the years we have developed ad hoc methods for appropriately referring these complaints, so that, during 2006, we referred 2,500 complaints to other regulators, and we received more than 5,000 referrals from other agencies about national banks. Unfortunately, that process takes time; is sometimes constrained by customer privacy restrictions; and has afforded few systematic opportunities to follow up on the disposition of complaints that have been referred.

That's why I am so pleased that the OCC and the Conference of State Bank Supervisors agreed just two months ago on a model Memorandum of Understanding to facilitate the sharing of complaints between the OCC and state agencies. For our part, the MOU allows us to promptly direct non-national bank complaints to the appropriate regulator of that institution; it preserves and protects a customer's privacy; and it enables state officials, if they wish, to get periodic reports from us regarding the disposition of complaints they refer to CAG. In addition, we are exploring ways to transmit complaint information through an all-electronic system that would also extend to the other federal banking agencies.

The very first state to translate the model document into an actual Memorandum of Understanding with the OCC was New York. [See **Figure 18, page 21.**] The picture you see here, of course, is of New York State Banking Superintendent Diana Taylor and me, taken right after we signed that agreement. I want to thank Diana for moving so quickly, but I was not at all surprised since I know she feels exactly as I do about the importance of effectively handling referrals. (It might also have helped that her hypothetical complaint got resolved.)

And I know that state officials across the country feel equally strongly about this issue. I



- Template coordinated with CSBS
- New York signed Nov. 30 followed by Arizona, North Dakota



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Figure 18. Information-Sharing MOU — Shows Comptroller of the Currency John C. Dugan and New York State Banking Superintendent Diana L. Taylor after they signed a memorandum of understanding to share complaint-related data to help ensure customers reach the right regulator and receive assistance from the right source more effectively.

want to thank CSBS and Neil Milner for their leadership and guidance in hammering out the model MOU. I also want to thank my colleagues from Arizona and North Dakota who have also already signed MOUs on behalf of their states. My hope and expectation is that other states will do the same in the weeks and months to come.

In conclusion, let me say again how much I appreciate both of your great organizations for giving me this opportunity to speak today about the crucial function of complaint resolution. At this time, I would be happy to answer your questions – and of course, expeditiously address your complaints.

Thank you very much.