

Press Releases

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OTS 01-39 - OTS and Thrifts Strong and Prepared, Director Seidman Tells Senate

Office of Thrift Supervision

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OTS and Thrifts Strong and Prepared, Director Seidman Tells Senate

WASHINGTON - The nation's thrift industry and its primary regulator, the Office of Thrift Supervision, are "strong and prepared to meet the challenges ahead," OTS Director Ellen Seidman testified today at a Senate Banking Committee oversight hearing on the condition of the U.S. financial system.

Return on assets for the industry as a whole was more than 0.90 percent in 2000 for the third year in a row - "a feat last achieved in the late 1950s," said Ms. Seidman. Thrifts have benefited from a diversification of funding sources and a decreased reliance on interest income. Non-interest income accounted for 12.4 percent of the industry's gross income at the end of 2000, up from just 5.1 percent in 1990.

Seidman also told the committee that loans 30 to 89 days past due have recently trended down in all loan categories, a promising sign for future asset quality.

Asset quality remained "extraordinarily good," she said. "Good asset quality has been accompanied by a marked reduction in interest rate risk."

"OTS, alone among the federal bank regulators, has implemented a stress-test based supervisory strategy for evaluating the interest rate risk of all institutions we regulate," added Ms. Seidman. "As a result, both we and the institutions we supervise are able to quickly assess and deal with any increase in interest rate risk sensitivity."

The number of problem thrifts remains low, at 14, Ms. Seidman noted, constituting only 0.5 percent of industry assets.

While OTS-regulated thrifts constitute only 10.7 percent of all federally-insured depository institutions and only about 12.5 percent of assets, they continue to originate more than 21 percent of all single-family mortgages - including originations by non-depository institutions, Ms. Seidman told the committee.

A copy of the Director's written and oral testimony is available on the OTS website at <http://www.ots.treas.gov>.

Statement - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2001-39a.pdf>

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.