

Statement No. 4

Disclosure of Supervisory Actions and Examiner's Ratings

June 9, 1986

The Federal Deposit Insurance Corporation (FDIC) has proposed disclosing its filings of final supervisory enforcement actions (such as cease-and-desist orders). Such actions have increased in frequency and are released sporadically. A general policy is overdue. We favor this type of disclosure. Moreover, we agree with the FDIC's decision not to publicize its notices of charges, because such rare revelation does not give the bank charged adequate opportunity to explain its side of the issue and is subject to abuse.

We suggest that all supervisory agencies reveal their examiners' ratings to all bank directors. In addition, we urge supervisors to develop a uniform and objective rating system and allow (but not require) banks to publicize these ratings. All banks should be allowed to tell the public about their performance. Those with bad ratings can be silent, but their silence provides information to those with incentive to use this information.