

Board of Governors of the Federal Reserve System

The Board Should Enhance Its Ability to Monitor the Efficiency and Timeliness of Its Processing of Certain Banking Applications



Office of Inspector General
Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau



Executive Summary, 2026-SR-B-004, March 23, 2026

The Board Should Enhance Its Ability to Monitor the Efficiency and Timeliness of Its Processing of Certain Banking Applications

Finding

The Federal Reserve System reviews applications submitted by banking organizations to undertake certain corporate activities. During its review, the System seeks to ensure that banking organizations' proposed activities comply with laws and regulations and align with safety and soundness principles.

The Board of Governors of the Federal Reserve System should enhance its ability to monitor the efficiency and timeliness of its processing of merger, acquisition, and change in bank control applications. While the Division of Supervision and Regulation (S&R) implemented measures in 2022 to increase efficiency, processing times for all application types, including merger and acquisition applications for community banking organizations, increased from 2021 to 2024.

We found that S&R does not track sufficient information to enable management to improve the efficiency and timeliness of its processing of certain banking applications—FedEZFile does not capture some key internal milestones, which hinders management's ability to pinpoint improvement opportunities. Interviewees cited several internal practices, such as insufficient delegation practices, as contributing to processing delays. Data availability limitations affected our ability to validate the root cause of delays and identify the most useful improvement opportunities.

We believe that tracking and documenting key internal milestones in FedEZFile and enhancing S&R's monitoring capabilities can help management identify root causes of delays and make informed decisions about banking application process changes.

Recommendations

Our report contains three recommendations designed to enhance the Board's efforts to increase the efficiency and timeliness of the banking application process. In its response to our draft report, the Board concurs with our recommendations and outlines actions to address each recommendation. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We initiated this evaluation to assess the Board and Federal Reserve Banks' multistep approach to processing certain applications from banking organizations, including processing times, delegation and escalation practices, and other factors that could influence process efficiency. Our scope included three types of applications—merger, acquisition, and change in bank control—dispositioned between January 1, 2023, and December 31, 2024, for community banking organizations. Our scope covered applications processed by Board staff and did not include those processed solely by a Reserve Bank.

Background

The Board and industry groups have noted a need to improve the efficiency of the banking application process. In 2022, S&R took various measures to improve process efficiency, including implementing (1) a new system, FedEZFile, to facilitate progress monitoring for the banking application review process, and (2) time targets for certain process steps.



Recommendations, 2026-SR-B-004, March 23, 2026

The Board Should Enhance Its Ability to Monitor the Efficiency and Timeliness of Its Processing of Certain Banking Applications

Finding: S&R Does Not Track Sufficient Information to Enable Management to Improve Banking Application Process Efficiency and Timeliness

Number	Recommendation	Responsible office
1	Implement guidance and training on the requirements for the additional time tracking data fields in FedEZFile for case managers.	Division of Supervision and Regulation
2	Develop reports or dashboards that leverage the updated FedEZFile fields to provide case managers and management with enhanced visibility on each application's status, such as milestones that are approaching targets or are overdue.	Division of Supervision and Regulation
3	Establish a process to periodically <ol style="list-style-type: none">identify recurring themes and apparent patterns across applications, such as aspects of the process where actual processing times frequently exceed targets.assess whether existing targets for key milestones should be recalibrated or additional targets should be established.assess whether additional information should be captured in FedEZFile to enhance ongoing monitoring of the application process, such as fields for each level of manager and officer review.	Division of Supervision and Regulation



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Introduction

Objective

We assessed the Board of Governors of the Federal Reserve System and Federal Reserve Banks' multistep approach to processing certain applications from banking organizations, including processing times, delegation and escalation practices, and other factors that could influence process efficiency.¹ The scope of our evaluation included merger, acquisition, and change in bank control applications dispositioned between January 1, 2023, and December 31, 2024, for community banking organizations.² Our scope addressed applications involving Board staff and did not include applications processed solely by a Reserve Bank.

As part of our evaluation, we reviewed available data and documentation for 15 community banking organization applications to determine time targets and actual processing times for key milestones. However, we could not determine the actual processing times for certain milestones because the Board's Division of Supervision and Regulation (S&R) did not track some key data in its systems or staff did not complete documentation thoroughly, which we considered a scope limitation for our evaluation. Appendix A describes our scope and methodology in more detail.

Background

The Board and Reserve Banks' Role in Banking Applications

As a primary federal banking regulator, the Federal Reserve System reviews applications submitted by banking organizations to undertake certain corporate activities, such as transitioning to member bank status, pursuing mergers or acquisitions, and engaging in new nonbank activities.³ During its review, the System seeks to evaluate whether the applications meet statutory criteria for approval, as well as whether the banking organizations' proposed activities comply with relevant laws and regulations and align with safety and soundness principles. Applicants typically submit filings to the relevant Reserve Bank, each of which has the authority to review certain banking organization applications within its district. The Reserve Banks transfer those applications to the Board when they do not have delegated authority to act independently—for example, when a bank's application receives substantive adverse

¹ For the purposes of our report, *delegation practices* refer to Board officials assigning the review of banking applications and related materials to Board staff.

² The Board defines *community banking organizations* as domestic institutions with less than \$10 billion in total consolidated assets. *Dispositioned* refers to completed applications that received one of the following decisions: approved, withdrawn, denied, mooted, or returned.

³ Banking organizations must file these applications by law. The Board and Reserve Banks review and act on applications filed under the Bank Holding Company Act; the Bank Merger Act; the Change in Bank Control Act; the Federal Reserve Act; section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act; section 10 of the Home Owners' Loan Act; the International Banking Act; and other provisions of law.

public comments; raises significant legal, policy, or supervisory issues; or otherwise requires Board action.⁴

The Board and industry groups have noted a need to improve the efficiency of the banking application process, and the Board has publicly stated that it wants to enhance the application process to improve efficiency and timeliness.⁵ In 2019, the Board engaged a contractor to complete an applications efficiency review.⁶ The contractor observed that the complex, multifaceted applications process creates challenges and inefficiencies and that the Board was managing applications inconsistently.⁷ To address the contractor's recommendations, S&R took various measures in 2022, including implementing (1) a new document repository and tracking system, FedEZFile, to facilitate progress monitoring for the banking application review process⁸ and (2) the *Applications Project Management Framework*, which establishes time targets for certain process steps, to promote consistent and efficient application processing.⁹

Process for Reviewing Banking Applications Requiring Board Input

The Board's process for reviewing banking applications requiring its input¹⁰ primarily involves the following four divisions:¹¹

- **S&R** manages most banking applications throughout the review process. In this role, S&R (1) provides oversight and guidance to Reserve Banks' applications functions to ensure that the Reserve Banks execute delegated responsibilities consistent with Board policy and guidance; (2) evaluates and provides recommendations on applications for which Reserve Banks do not have delegated authority to act; and (3) evaluates applications for compliance with laws and regulations and for alignment with safety and soundness principles, with a focus on the applicant's financial condition and managerial resources and on the resulting organization's

⁴ A Reserve Bank may also transfer an application to the Board when the Reserve Bank cannot act on the application within the processing time frame for delegated action.

⁵ Board of Governors of the Federal Reserve System, *Banking Applications Activity Semiannual Report* (July 1–December 31, 2024), vol. 12, no. 1, July 2025.

⁶ The contractor assessed the Board's processes and practices related to applications referred for its input.

⁷ The contractor made 28 recommendations in 7 key focus areas: governance, process and project management, pre-filing inquiries and case intake, issues management, communication and coordination, documentation and action, and resource management.

⁸ FedEZFile allows a banking organization to securely submit an application to the System, view the status of its application, and communicate with Board or Reserve Bank staff. In addition, Board and Reserve Bank staff use FedEZFile to track the progress of an application by recording certain process milestones and other relevant information regarding an application.

⁹ The Board issued an updated *Applications Project Management Framework* in April 2025. The prior version of the framework was in effect during our scope period. The 2025 version encourages staff to suggest updates to the framework and indicates that the Board expects to survey staff every 2 years to improve the framework.

¹⁰ For purposes of this report, *Board input* may refer to consultation with Board staff or approval by the Board of Governors or other Board officials.

¹¹ The Office of the Secretary has a role in reviewing some banking applications through its administration of the notation voting process. In addition, the secretary of the Board has delegated authority to approve certain applications.

future prospects. For most applications transferred for Board input, an S&R analyst serves as the primary case manager.¹²

- The **Legal Division** drafts Board orders and other dispositional documents. In addition, an attorney serves as the primary case manager for certain banking applications transferred for Board input that present legal considerations. For more complex filings, an attorney may be assigned as a second case manager to assist S&R with overseeing processing.
- The **Division of Consumer and Community Affairs** assesses convenience and needs considerations, including performance under the Community Reinvestment Act, and managerial resources related to consumer compliance.¹³
- The **Division of Research and Statistics** assesses competition and financial stability factors in certain applications.¹⁴

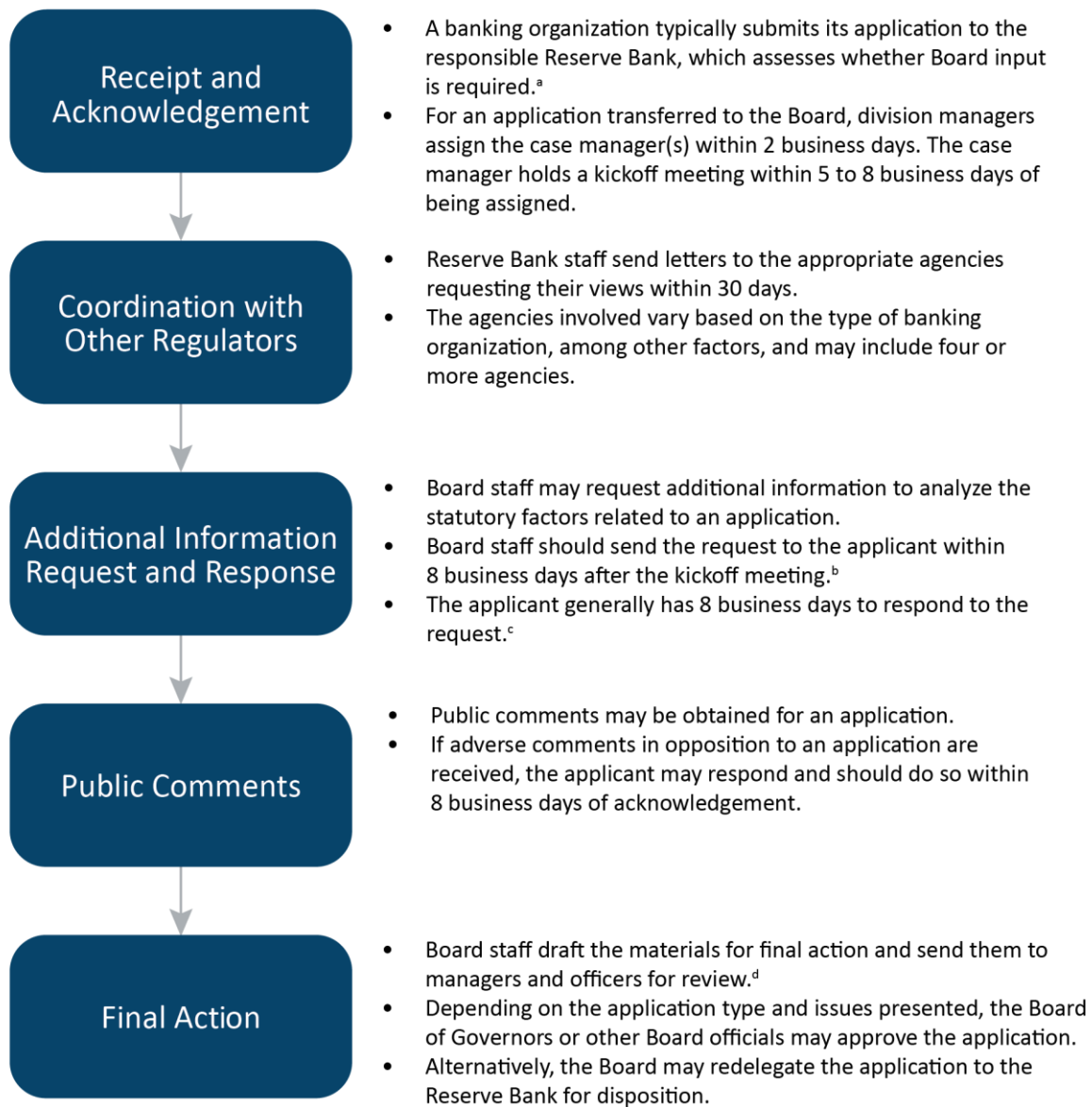
While specific procedures vary by application type, the process for reviewing banking applications requiring Board input generally involves the key steps outlined in the following figure.

¹² According to the *Applications Project Management Framework*, the case manager identifies and engages internal and external stakeholders, facilitates meetings, and ensures timely processing of applications. The case manager also performs the required analysis and prepares materials for their division, among other responsibilities.

¹³ In addition, the division provides oversight and guidance to the Reserve Banks to ensure that they execute delegated responsibilities for certain banking applications consistent with Board policy and guidance. The division also evaluates certain banking applications for compliance with consumer protection laws and regulations.

¹⁴ In addition, the division assists Reserve Bank staff in determining if a Reserve Bank can act on certain banking applications under delegated authority.

Figure. Process for Reviewing Banking Applications Requiring Board Input



Source: OIG analysis of Board documentation.

^a The Reserve Bank acknowledges the application if it satisfies the minimum informational requirements of the relevant statutes. The Reserve Bank may return the application if it does not meet these requirements. Reserve Banks transfer applications to the Board when at least one of the following occurs: (1) the Reserve Bank cannot act on the application within the processing time frame for delegated action; (2) the application raises significant supervisory, legal, or policy issues; or (3) the Reserve Bank does not have delegated authority to act.

^b The Board revised this target to 10 business days in the April 2025 version of the *Applications Project Management Framework* and noted that this period may be extended if Reserve Bank staff issued an additional information request and is awaiting the response before transferring the matter to the Board.

^c If further information is needed, the case manager sends another request within 8 business days.

^d The materials necessary for final action depend on which entity—the Board or the Reserve Bank—handles application disposition. The 2022 version of the *Applications Project Management Framework* in effect during our scope period does not have time targets associated with the review process; however, the April 2025 version of the framework states that managers have 3 business days to review these materials and officials have 5 business days to review and approve the materials.

Board Efforts to Monitor the Application Process

To monitor the application process, Board officers and managers from relevant divisions conduct weekly meetings to discuss the status of in-process applications, including significant internal and external challenges encountered.

In addition, the Board produces the following two internal management reports:

- A monthly dashboard, which presents high-level statistics such as the volume and aging of applications across the System.
- A quarterly report for applications pending more than 60 days, which provides the reasons for delays, next steps, and an estimated time frame for resolution for relevant applications.

The Board publicly reports summary information regarding applications in its *Banking Applications Activity Semiannual Report*, which provides an overview of all application activity, merger and acquisition applications, and applications submitted by community banking organizations, among other information.



Finding: S&R Does Not Track Sufficient Information to Enable Management to Improve Banking Application Process Efficiency and Timeliness

While S&R implemented measures in 2022 to address a contractor’s recommendations to enhance efficiency, banking application processing times have not improved. We found that S&R does not track sufficient information to enable management to improve the efficiency and timeliness of its processing of certain banking applications. Specifically, S&R tracks certain aspects of the application process but does not track some key internal milestones, which hinders management’s ability to pinpoint delays and prioritize possible improvement opportunities.

According to the U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government*, management should use quality information to make informed decisions and evaluate the entity’s performance in achieving key objectives, perform ongoing monitoring as part of the normal course of operations, and evaluate and document the monitoring results to identify internal control issues. The Board’s current approach does not fully align with federal internal control standards or its own objective to enhance application process efficiency and timeliness. Because FedEZFile does not capture certain interim milestones or have robust reporting capabilities, the Board lacks an automated tool or method for tracking all application process steps and performing ongoing monitoring. We believe that tracking and documenting key internal milestones in FedEZFile and enhancing S&R’s monitoring capabilities can help management identify root causes of delays and make informed decisions about banking application process changes.

Banking Application Processing Times Have Not Improved

We noted in our review of the Board’s semiannual reports that banking application processing times have not improved, and actually increased, despite the measures taken to address the contractor’s recommendations.¹⁵ Specifically, median processing times for all application types increased by about 11 percent from 2021 to 2024.¹⁶ In addition, the volume of dispositioned applications decreased by 20 percent during that period. Further, processing times significantly increased for merger and acquisition applications.¹⁷ For example, the median processing times for merger and acquisition applications

¹⁵ The Board’s semiannual reports include both applications that were processed by the Board and applications that remained at a Reserve Bank for the entirety of their processing.

¹⁶ These applications included filings submitted by banking organizations of various types and asset sizes.

¹⁷ We did not assess processing times for application types that were outside the scope of this evaluation.

increased by about 40 percent for small community banking organizations and by about 18 percent for large community banking organizations.¹⁸

Board officials and staff interviewees cited the following drivers of processing delays:

1. receiving incomplete or untimely responses to requests for additional information from an applicant
2. consulting with other regulatory agencies
3. completing background checks on relevant parties
4. considering complex applications that may present policy issues
5. conducting the internal review of materials for final action¹⁹
6. operating with insufficient delegation practices
7. considering adverse public comments

We acknowledge the difficulty for the Board to address all the causes contributing to delays as some are associated with the involvement of external stakeholders or other factors outside the Board's control. For example, interviewees stated that coordinating with other regulatory agencies causes delays because the Board often waits for an agency's comments on an application or the results of certain examinations of a banking organization before arriving at its disposition. However, some of these factors are specific to internal Board processes. For example, interviewees cited concerns with insufficient delegation practices, noting that one division typically assigns multiple employees to an application and that many applications seem to be reviewed by each of those employees, including the division director, separately. However, as described below, we could not confirm whether these issues contributed to processing delays due to data limitations.

S&R Does Not Track Some Key Internal Milestones in the Banking Application Process

We found that S&R does not track sufficient information to enable management to improve banking application process efficiency and timeliness. While S&R tracks certain aspects of the application process, it does not track some key internal milestones in FedEZFile, which hinders management's ability to identify which aspects of the process are frequently missing targets and prioritize improvement opportunities. Specifically, S&R tracks actual processing times for the entire application cycle as well as certain milestones involving external stakeholders in FedEZFile, such as requests to the applicant for additional information and receipt of adverse public comments. However, it does not track certain key internal milestones in FedEZFile, such as the kickoff meeting, the completion of managers' and officers' review of the materials for final action for each division, and the governors' completion of the notation

¹⁸ According to the Board, small community banking organizations have under \$1 billion in assets and large community banking organizations have \$1 billion to \$10 billion in assets.

¹⁹ The internal review of materials for final action includes multiple Board divisions and may include multiple levels of review in each division.

vote, as applicable. As a result, the Board cannot readily measure the performance for certain key internal milestones relative to its established time targets.

Beginning in October 2023, S&R started manually tracking processing time data using a spreadsheet for each application transferred for Board input to capture the key internal milestones noted above, which were not tracked in FedEZFile during our scope period. According to an interviewee, S&R consolidated the time tracking data into one spreadsheet but did not advance far enough to form a conclusion on actual pain points due to limited data. We reviewed the consolidated spreadsheet and agree with the interviewee's statement. Further, we believe that these supplemental data collection efforts have not provided the Board with sufficient information to evaluate and address application process inefficiencies and timeliness because this manual process is time intensive and S&R has not completed its analysis.

As previously noted, interviewees cited several internal Board practices, such as the approach to handling adverse public comments, insufficient delegation practices, and the internal review of materials for final action, as contributing to processing delays. However, we could not validate the root causes of delays because S&R did not track some data in FedEZFile. Since we could not obtain the necessary data from FedEZFile for the 15 selected banking applications to assess the processing times, we requested that S&R provide us with time tracking spreadsheets for those applications. However, S&R did not have the spreadsheets for 7 of the 15 applications because the Reserve Banks transferred those applications to the Board before the October 2023 implementation of the time tracking spreadsheets. In addition, some of the spreadsheets we received for 8 of the 15 applications were not completed thoroughly. For example, some spreadsheets had incomplete or inaccurate data fields for dates when Reserve Banks transferred applications to the Board, managers assigned staff, the Board received comments from other regulatory agencies, and managers and officers completed their reviews of the materials for final action. Due to the limited data in FedEZFile and the time tracking spreadsheets, we could not assess the timeliness of certain aspects of the banking application process, validate the root causes of processing delays for the 15 selected banking applications, or identify key improvement opportunities, which we considered a scope limitation for our evaluation.

Further, S&R's limited data hindered management's ability to assess actual processing times against time targets. We believe that these data gaps are contributing to the Board's challenges in making meaningful progress to fulfill its objective of improving banking application process efficiency and timeliness. For example, without data on the completion of managers' and officers' review of the materials for final action, the Board cannot determine whether delays are typically caused by insufficient delegation practices that increase the steps necessary to complete reviews or recurring choke points in the process.

S&R Should Enhance Its Ability to Monitor the Efficiency and Timeliness of Its Processing of Certain Banking Applications

S&R's current approach does not fully align with the Board's objective to enhance banking application process efficiency and timeliness or federal internal control standards. According to the *Standards for Internal Control in the Federal Government*, management should use quality information to make

informed decisions and evaluate an entity's performance in achieving key objectives.²⁰ Further, management should perform ongoing monitoring of the design and operating effectiveness of its internal control system as part of the normal course of operations, and evaluate and document the monitoring results to identify internal control issues.²¹

Given that FedEZFile does not capture certain interim milestones or have robust reporting capabilities, S&R lacks an automated tool or method for tracking all steps in the application process and performing ongoing monitoring. Interviewees acknowledged that FedEZFile's current reporting capabilities are limited and that there are additional time tracking data fields, such as managers' and officers' review of the materials for final action, that should be incorporated into the system to help the Board monitor banking application process efficiency. In April 2025, an interviewee stated that the Board would like to improve FedEZFile by capturing additional information to support ongoing monitoring by early 2026 but did not have the budget to fund the improvements.

Without FedEZFile tracking key internal milestones in the application process or having robust reporting capabilities to support monitoring, S&R cannot identify which aspects of the process frequently miss their time targets. As a result, the Board has been unsuccessful in improving processing times since the contractor's 2019 review despite implementing measures to improve efficiency. Tracking and documenting key internal milestones in FedEZFile and enhancing S&R's monitoring capabilities can help management identify root causes of delays and make informed decisions on banking application process changes.

Management Actions Taken and OIG Assessment

In October 2025, S&R updated FedEZFile to address the gaps in its monitoring capabilities for applications transferred for Board input. An interviewee noted that the Board prioritized making these updates due to internal and external pressure to develop better reporting on processing times and assess why some applications are taking so long to disposition.

The updates include adding fields to track the kickoff meeting, each division's review of the materials for final action, and the governors' completion of the notation vote. For example, the updates pertaining to division reviews include fields for (1) the date the materials for final action are sent to other divisions' staff; (2) the date each division's staff provides feedback, as applicable; (3) the date the materials for final action are sent to each division's managers or officers for feedback; and (4) the date manager or officer feedback is received. Case managers must complete these fields for banking applications received beginning January 1, 2026. An employee noted that the Board will be testing how to use this data for reporting during the first half of 2026.

In December 2025, the Board issued guidance on the FedEZFile updates and conducted an optional training session for employees involved in the application process. An employee noted that the Board may schedule additional training, if needed. While the implementation of the FedEZFile updates appear to address the data gaps identified as part of our evaluation, given its recency, we are unable to

²⁰ Quality information is appropriate, current, complete, accurate, accessible, verifiable, retained as appropriate, and provided on a timely basis.

²¹ Ongoing monitoring includes, among other things, regular management and supervisory activities, trend analysis, and data analytics. Use of automated tools can increase objectivity and efficiency by electronically compiling evaluations or automating data.

determine at this time whether the system updates and the guidance and training will fully address our recommendation and result in the Board obtaining the data needed to pinpoint delays and prioritize possible improvement opportunities.

Recommendations

We recommend that the director of S&R

1. Implement guidance and training on the requirements for the additional time tracking data fields in FedEZFile for case managers.
2. Develop reports or dashboards that leverage the updated FedEZFile fields to provide case managers and management with enhanced visibility on each application's status, such as milestones that are approaching targets or are overdue.
3. Establish a process to periodically
 - a. identify recurring themes and apparent patterns across applications, such as aspects of the process where actual processing times frequently exceed targets.
 - b. assess whether existing targets for key milestones should be recalibrated or additional targets should be established.
 - c. assess whether additional information should be captured in FedEZFile to enhance ongoing monitoring of the application process, such as fields for each level of manager and officer review.

Management Response

In response to our draft report, a senior advisor to the director of S&R concurs with our recommendations. Regarding recommendation 1, the response states that S&R issued guidance on the FedEZFile updates in December 2025 and will schedule mandatory FedEZFile training for S&R employees involved in the application process by the third quarter of 2026.

Regarding recommendation 2, the response states that S&R will use the FedEZFile updates to improve time-tracking data and reporting for filings received after January 1, 2026, which will facilitate the creation of reports and dashboards to track application status. S&R also plans to create additional aggregate reporting functionality by the first quarter of 2027.

Regarding recommendation 3, the response states that the FedEZFile updates will improve management's ability to identify recurring themes and apparent patterns across applications and validate the root causes of processing delays. In addition, the response states that by the first quarter of 2027, S&R will develop a process to determine whether the FedEZFile updates result in gathering the data needed to identify the source of delays and to make meaningful progress to fulfill the objective of improving banking application process efficiency and timeliness.

OIG Comment

The planned actions described by S&R appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



Appendix A: Scope and Methodology

We initiated this evaluation to assess the Board and Reserve Banks' multistep approach to processing certain applications from banking organizations, including processing times, delegation and escalation practices, and other factors that could influence process efficiency. Our evaluation had two focus areas: (1) assessing the Board's procedures for progress monitoring, including any metrics or time targets for processing applications, and (2) assessing the efficiency of the Board and Reserve Banks' approach to processing certain application types, including common causes for delays and pain points in the process, and delegation and escalation practices. Our scope included merger, acquisition, and change in bank control applications dispositioned between January 1, 2023, and December 31, 2024, for community banking organizations. In addition, our scope addressed applications involving Board staff; we focused on processing activities that occurred after the Board received an application for review. Our scope did not include withdrawn or mooted applications or applications processed solely by a Reserve Bank. Further, we did not assess activities before the filing of an application or after disposition, such as consummation of the proposed activity, nor did we assess how the Board interprets the statutory factors or otherwise applies laws, regulations, policies, or guidance to applications.

To accomplish our objective, we reviewed and analyzed relevant policies, procedures, and guidance on the banking application process, such as the *Applications Project Management Framework*. We also analyzed processing time results for all banking applications dispositioned during our scope period using the Board's *Banking Applications Activity Semiannual Report*. We judgmentally selected 15 banking applications for further review based on processing time, issues such as adverse public comments or supervisory actions, and the institution's rating.

For our 15 selected banking applications, we reviewed FedEZFile data and application file documentation to determine time targets and actual processing times for key milestones. However, we found that S&R does not track certain key internal milestones in FedEZFile or record these milestones in the application file. As a result, we requested time tracking spreadsheets for our selected applications. However, an S&R employee informed us that spreadsheets were not available for 7 of the 15 applications because Reserve Banks transferred those applications to the Board before the October 2023 implementation of the time tracking spreadsheets. In addition, we found that some of the spreadsheets were not completed thoroughly. Therefore, we could not determine the actual processing times for certain key milestones such as the completion of managers' and officers' review of the materials for final action for each division and the governors' completion of the notation vote, as applicable, which we considered a scope limitation for our evaluation that hindered our ability to fully address our second focus area.

To obtain perspectives on the banking application process, we interviewed Board officials and staff, including

- officials or managers responsible for overseeing the application process in S&R, the Legal Division, the Division of Consumer and Community Affairs, and the Division of Research and Statistics
- case managers associated with our selected applications

We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We conducted our work from April 2025 through February 2026.

Appendix B: Management Response



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

March 11, 2026

Michael VanHuysen
Associate Inspector General for Audits and Evaluations
Office of Inspector General
Board of Governors of The Federal Reserve System
Washington, DC 20551

Dear Mr. VanHuysen,

Thank you for the opportunity to comment on your draft report, *The Board Should Enhance Its Ability to Monitor the Efficiency and Timeliness of Its Processing of Certain Banking Applications*. We appreciate the efforts of the Office of Inspector General (OIG) in providing insights and recommendations to enhance the Board's ability to monitor the efficiency and timeliness of processing certain banking applications.

The Division of Supervision & Regulation (S&R) is committed to ensuring that all banking applications are processed in an efficient and timely manner. Recently, updates have been made to FedEZFile to capture interim milestones and to increase the robustness of reporting capabilities. These updates provide an automated tool for tracking all application process steps and enhance management's ability to perform ongoing monitoring and to obtain critical data to inform management as to whether key milestones should be recalibrated or additional targets should be established.

Please see our responses below to the recommendations.

Finding 1: S&R Does Not Track Sufficient Information to Enable Management to Improve Banking Application Process Efficiency and Timeliness.

Recommendation 1: Implement guidance and training on the requirements for the additional time tracking data fields in FedEZFile for case managers.

Management Response: We concur with the recommendation. In December 2025, S&R issued guidance on the FedEZFile updates and conducted an optional training session for S&R employees involved in the application process. S&R will schedule additional training by 3Q 2026, as there have been recent staffing changes in the division, and will make the training mandatory.

Recommendation 2: Develop reports or dashboards that leverage the updated FedEZFile fields to provide case managers and management with enhanced visibility on each application's status, such as milestones that are approaching targets or are overdue.

Management Response: We concur with the recommendation. In late 2025, S&R updated FedEZFile to address gaps in its visibility on the status of each application and monitoring capabilities via implementation of a new case-level time-tracking functionality. The enhanced functionality will be utilized on final filings received after January 1, 2026, that involve Board staff review. The updates will provide case managers and management with improved time tracking data and reporting for applicable applications in FedEZFile. These updates will facilitate the creation of reports and dashboards that case managers and management can use to track each application's status, such as which milestones are approaching targets or are overdue. While an initial case-specific report has been incorporated already, there are plans to create additional aggregate reporting functionality by 1Q 2027.

Recommendation 3: Establish a process to periodically:

- a. identify recurring themes and apparent patterns across applications, such as aspects of the process where actual processing times frequently exceed targets.
- b. assess whether existing targets for key milestones should be recalibrated or additional targets should be established.
- c. assess whether additional information should be captured in FedEZFile to enhance ongoing monitoring of the application process, such as fields for each level of manager and officer review.

Management Response: We concur with the recommendation. We believe the recent updates to FedEZFile will improve management's ability to identify recurring themes and apparent patterns across applications and to assess actual processing times against time targets. The enhancements to FedEZFile will provide stakeholders with data that would improve their ability to assess the timeliness of certain aspects of the banking application process and to validate the root causes of processing delays. While the implementation of the FedEZFile updates aim to address the data gaps identified, given its recency, S&R will develop a process by 1Q 2027 to determine whether the system updates result in gathering the data needed to identify the source of delays and to make meaningful progress to fulfill the objective of improving banking application process efficiency and timeliness.

We appreciate the effort that went into this report and the guidance it provides as we continue to improve and enhance our ability to monitor the efficiency and timeliness of processing certain banking applications.

Regards,



Mary Aiken
Senior Advisor to the Director, Division of Supervision and Regulation
Board of Governors of the Federal Reserve System



Abbreviations

S&R Division of Supervision and Regulation



Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

Hotline

Report fraud, waste, abuse, and mismanagement involving the programs and operations of the Board or the CFPB.

oig.federalreserve.gov/hotline

OIG Hotline

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Mail Center I-2322
Washington, DC 20551

1-800-827-3340

General Contact Information

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