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.