



Federal Deposit Insurance Corporation  
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Financial Institution Letter  
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## ***SUPERVISORY INSIGHTS JOURNAL***

### **Winter 2004 Issue Now Available**

**Summary:** The FDIC has announced the release of its Winter 2004 issue of ***Supervisory Insights***, a professional journal that promotes the practice of bank supervision. ***Supervisory Insights*** is available on the FDIC's Web site at [www.fdic.gov](http://www.fdic.gov).

#### **Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

#### **Suggested Routing:**

Chief Executive Officer

#### **Related Topics:**

Remittances  
Economic Capital  
Loan Policies  
Appraiser Referral Process  
Mortgage Partnership Finance Programs

#### **Attachment:**

None

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#### **Note:**

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2004/index.html](http://www.fdic.gov/news/news/financial/2004/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or 202-416-6940).

#### **Highlights:**

- "Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market" explores strategies used by some banks to capitalize on remittances as a way to bring the unbanked into the banking system. The article highlights the programs of the New Alliance Task Force, an initiative launched by the Mexican government and the FDIC that has successfully brought Latino immigrants into the financial mainstream by promoting financial education and outreach programs and innovative banking products.
- "Economic Capital and the Assessment of Capital Adequacy" describes how a growing number of banking organizations are using economic capital models to help them quantify and manage risk and allocate capital commensurate with their business risk profile. Although examination guidance specific to the evaluation of economic capital models is limited, many principles integral to a more general review of an insured institution's capital analysis process are applicable and are discussed in the article.
- Other articles provide guidance for reviewing and updating a loan policy, describe the appraiser referral process, and explain accounting procedures used by banks that participate in the Mortgage Partnership Finance programs offered by several Federal Home Loan Banks.

*SUPERVISORY INSIGHTS* JOURNAL

Winter 2004 Issue of *Supervisory Insights* Now Available

The Federal Deposit Insurance Corporation (FDIC) has announced the release of its Winter 2004 issue of *Supervisory Insights*, a professional journal that promotes the practice of bank supervision. Articles featured in this issue describe a number of areas of current supervisory focus at the FDIC. Topics addressed include implications of the growing Latino immigrant market for U.S. banks, supervisory review of economic capital models, guidance on updating a loan policy, the appraiser referral process, and accounting procedures for Mortgage Partnership Finance programs offered through several Federal Home Loan Banks. The FDIC believes that these articles will provide valuable and useful information to insured financial institution management and staff. *Supervisory Insights* is available on the FDIC's Web site at [www.fdic.gov](http://www.fdic.gov).

A feature article in this issue discusses the fact that, despite the significant growth of the Latino immigrant population in recent years, this market remains largely untapped by U.S. banks. "Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market" explores strategies used by some banks to capitalize on remittances – funds transferred to families in their home country – as a way to bring the unbanked into the formal banking system.

The article highlights the programs of the New Alliance Task Force (NATF), an initiative launched in the Midwest by the Mexican government and the FDIC, which includes banks, mortgage companies, community organizations and other regulatory agencies. The NATF has successfully brought Latino immigrants into the financial mainstream by promoting financial education and outreach programs and innovative banking products that serve unbanked immigrants.

This issue of *Supervisory Insights* also describes two other areas of current supervisory emphasis at the FDIC. "Economic Capital and the Assessment of Capital Adequacy" describes how a growing number of banking organizations, including regional and some community banks, are using economic capital models as a tool to help them quantify and manage risk and allocate capital commensurate with their business risk profile. Bank examiners increasingly are called on to review and evaluate these models as part of their assessment of a bank's capital adequacy. Although examination guidance specific to the evaluation of economic capital models is limited, many principles integral to a more general review of an insured institution's capital analysis process do apply and are discussed in the article. "The Importance of a Loan Policy 'Tune-Up'" emphasizes the benefits to banks of having an effective loan policy and provides guidance for reviewing and updating a policy.

The “From the Examiner’s Desk” feature explains the key role of bank examiners in the real estate appraisal function and describes how the appraiser referral process works. This issue’s “Accounting News” describes accounting procedures used by those insured institutions that participate in the various Mortgage Partnership Finance programs offered by several Federal Home Loan Banks.

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